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Government
of Canada

Gouvernement
du Canada

Prepared by the
Receiver General for Canada

Public accounts of Canada

1989



Volume I

Summary Report and Financial Statements



Government
of Canada

Gouvernement
du Canada

Prepared by the
Receiver General for Canada

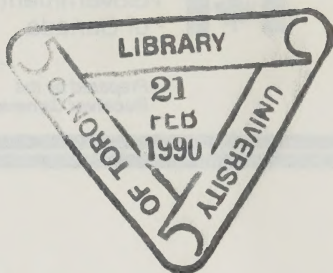
public accounts of canada

1989

Volume I

Summary Report and Financial Statements

Canada



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Available in Canada through

Associated Bookstores
and other booksellers

or by mail from

Canadian Government Publishing Centre
Supply and Services Canada
Ottawa, Canada K1A 0S9

Catalogue No. P51-1/1989-1E
ISBN 0-660-13335-0

Version française est aussi disponible

To Her Excellency

The Right Honourable Jeanne Sauv ,
P.C., C.C., C.M.M., C.D.,
*Governor General and
Commander-in-Chief of Canada.*

MAY IT PLEASE YOUR EXCELLENCY:

The undersigned has the honour to present to Your Excellency the Public Accounts of Canada for the year ended March 31, 1989.

All of which is respectfully submitted.

Robert De Cotret,
President of the Treasury Board.

OTTAWA, SEPTEMBER 29, 1989

*To The Honourable Robert De Cotret,
President of the Treasury Board.*

In accordance with the provisions of Section 64(1) of the Financial Administration Act, I have the honour to transmit herewith the Public Accounts of Canada for the year ended March 31, 1989, to be laid by you before the House of Commons.

Respectfully submitted,

Paul Dick,
Receiver General for Canada.

OTTAWA, SEPTEMBER 29, 1989

*To The Honourable Paul Dick,
Receiver General for Canada.*

Sir:

I have the honour to submit the Public Accounts of Canada for the year ended March 31, 1989.

Under Section 64(1) of the Financial Administration Act, the Public Accounts for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in three volumes:

Volume I—A financial overview and a ten-year summary of the Government's financial transactions; the financial statements of Canada on which the Auditor General has expressed an opinion, namely, the statements of transactions, of revenue and expenditure and accumulated deficit, and of the assets and liabilities of Canada, together with related notes; analyses of budgetary revenue and expenditure, and of asset and liability accounts; and various other statements.

Volume II—Details of the financial operations of the Government, segregated by ministry (Part I); and additional information and analyses (Part II).

Volume III—Contains an annual consolidated report on the businesses and activities of all parent Crown corporations together with a listing of all Crown corporations and other corporate interests of Canada.

The audited financial statements, contained in Volume I, are for the year ended March 31, 1989. They are, however, dated August 15, to allow for the closing and audit of accounts.

Respectfully submitted,

Georgina Wyman,
Deputy Receiver General for Canada.

OTTAWA, SEPTEMBER 29, 1989

VOLUME 1

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INTRODUCTION TO THE PUBLIC ACCOUNTS

Nature of the Public Accounts

The Public Accounts is the report of the Government of Canada prepared each fiscal year by the Receiver General as required by Section 64 of the Financial Administration Act.

The report covers the fiscal year of the Government, which ends on March 31, and is prepared from data contained in the accounts of Canada and from more detailed records maintained in departments and agencies. The accounts of Canada is the centralized record of the Government's financial transactions maintained by the Receiver General in which the transactions of all departments and agencies are summarized. Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

Format of the Public Accounts

The Public Accounts is produced in three volumes.

Volume I presents a summary analysis of the financial transactions of the Government. Its content is summarized as follows:

SECTION 1: financial overview and a ten-year summary of the Government's financial transactions;

SECTION 2: audited financial statements of the Government of Canada, prepared in accordance with Section 64 of the Financial Administration Act;

SECTION 3: review of budgetary revenue;

SECTION 4: review of budgetary expenditure;

SECTION 5: analysis of consolidated specified purpose accounts;

SECTION 6: analysis of loans, investments and advances;

SECTION 7: analysis of specified purpose accounts;

SECTION 8: analysis of other liabilities;

SECTION 9: analysis of foreign exchange accounts;

SECTION 10: analysis of unmatured debt; and,

SECTION 11: analysis of other information related to the financial statements.

Volume II is published in two parts. **Part I** presents the financial operations of the Government, segregated by ministry while **Part II** presents additional information and analyses.

(a) PART I

Part I is designed to reflect as closely as possible the form and content of Part II of the Main Estimates. Most tables and statements in **Part I** display the source and disposition of spending authorities. The content of **Part I** is summarized as follows:

(i) Summary Tables (Section 1)

Section 1 includes tables which provide summaries of the financial operations contained in the ministerial sections. It also includes, as appendices, the full wording of all authorities granted in current year Appropriation Acts, of all authorities granted by statutes other than Appropriation Acts, of all non-lapsing authorities granted in the current year, and of all authorities available from previous years.

(ii) Ministerial Sections (Sections 2 to 30)

There is one section for each ministry. The programs for the departments and agencies for which a Minister is responsible to Parliament are grouped together to provide a total ministry presentation. Each ministerial section provides a statement of program objectives and activity descriptions. Each ministerial section also includes, where applicable, a uniform set of statements to present each ministry's financial operations. These statements are:

• Ministry Summary

This statement displays by program the source and disposition of each budgetary and non-budgetary authority granted by Parliament in Appropriation Acts and other statutes.

• Programs by Activity

This statement displays by program the source and disposition of authorities for each activity under each type of expenditure (operating, capital, transfer payments and non-budgetary).

- *Transfer Payments*

This statement displays by program the source and disposition of authorities for each transfer payment.

- *Details of Amounts Credited to the Vote*

This statement displays by program the nature of revenues and receipts which increase the amounts which may be spent from appropriations having net voting authority.

- *Revenue*

This statement displays by program the nature of revenue collected for each main classification of revenue.

(b) PART II

Part II presents additional information and analyses. The content of **Part II** is summarized as follows:

- financial statements of revolving funds (Section 1);
- financial statements of departmental corporations and other entities (Section 2);

- supplementary information required by the Financial Administration Act (Section 3);
- accounts receivable (Section 4);
- professional and special services (Section 5);
- construction and acquisition of land, buildings, works, machinery and equipment (Section 6);
- transfer payments (Section 7);
- public debt charges (Section 8);
- payments of damage claims, ex gratia payments, Federal Court awards and nugatory payments (Section 9);
- federal-provincial shared-cost programs (Section 10);
- other Government-wide information (Section 11); and,
- other miscellaneous information (Section 12).

Volume III contains an annual consolidated report on the businesses and activities of all parent Crown corporations together with a listing of all Crown corporations and other corporate interests of Canada.

SECTION 1

1988-89

PUBLIC ACCOUNTS

Financial Overview and Supplementary Financial Information

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INTRODUCTION

This section provides an overview of the financial operations of the Government of Canada. The financial transactions of the Government are set out in summary form, with comparative figures for the previous ten years. The financial transactions are presented in accordance with the accounting policies explained in Note 1 to the audited financial statements in Section 2 of this volume.

The statements reflect the accounting basis introduced in the February 1986 Budget whereby the transactions of certain specified purpose and other accounts are reported as part of budgetary transactions rather than non-budgetary transactions.

These include the Unemployment Insurance Account, the Western Grain Stabilization Account, the Crop Reinsurance Fund, the Agricultural Commodities Stabilization Accounts, the Canadian Ownership Account and other specified purpose accounts. In addition, the profits of the Exchange Fund Account are recorded on a current basis, loans to developing countries are recorded as budgetary expenditures, and revenue and expenditure are reported net of transactions internal to the Government.

1988-89 — THE YEAR IN RETROSPECT

This part provides an overview of the Government's financial operations. More details are provided under "Supplementary Financial Information" in this section and in the remainder of this volume.

The Deficit and the Net Debt

The deficit for fiscal year 1988-89 was \$28,734 million, an increase of \$651 million from the 1987-88 deficit of \$28,083 million and a decline of \$9,590 million from the peak recorded in 1984-85. The increase in the deficit in 1988-89 was largely attributable to the transitional impacts of income tax reform, which became effective in taxation year 1988, as well as the effect of interest rate developments in 1988 on public debt charges. However, as a percentage of Gross Domestic Product, the deficit declined for the fourth consecutive year, from 8.6% in 1984-85 to 4.8% in 1988-89.

Although the deficit increased in 1988-89, its rate of increase was less than that of the economy with the result that the rate of growth in the accumulated deficit, or net debt, continued to slow. As of March 31, 1989, the net debt was \$320,918 million or 9.8% above the March 31, 1988 level of \$292,184 million. This is the first time in fifteen years that the net debt has increased by less than 10%.

Table 1.1 sets out the deficit and net debt over the last ten fiscal years, both in absolute terms and as a percentage of Gross Domestic Product for the calendar year ending in those fiscal years.

TABLE 1.1

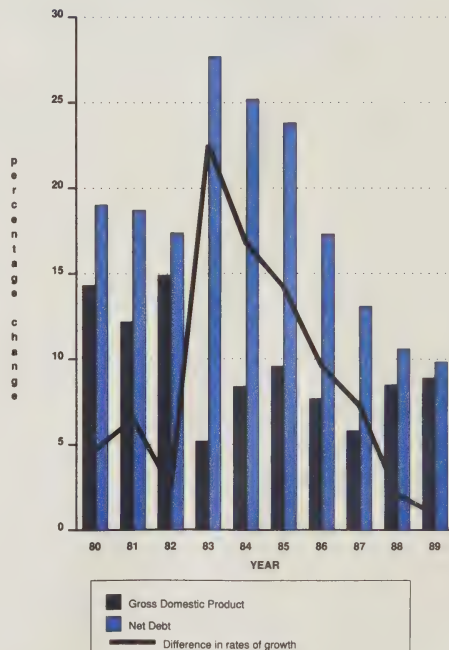
DEFICIT AND NET DEBT (in millions of dollars)

Year ended March 31	Budgetary deficit	% of Gross Domestic Product	Net debt	% of Gross Domestic Product
1980	11,501	4.2	72,159	26.1
1981	13,522	4.4	85,681	27.6
1982	14,872	4.2	100,553	28.2
1983	27,816	7.4	128,369	34.3
1984	32,399	8.0	160,768	39.6
1985	38,324	8.6	199,092	44.8
1986	34,404	7.2	233,496	48.9
1987	30,605	6.1	264,101	52.3
1988	28,083	5.1	292,184	53.1
1989	28,734	4.8	320,918	53.6

Chart A compares the rate of growth of net debt with the rate of growth of Gross Domestic Product for the last ten fiscal years.

CHART A

GROSS DOMESTIC PRODUCT AND NET DEBT



Factors Affecting the Deficit

The increase in the deficit in 1988-89 primarily reflects the transitional impact of stage one of tax reform and the impact of interest rate developments on public debt charges. Stage one of tax reform lowered statutory tax rates and converted most tax exemptions into tax credits, which had the effect of reducing the rate of growth in personal income tax collections in 1988-89. Given the stock of debt, the compounding impact of increases in interest rates throughout 1988 resulted in significantly higher public debt charges in 1988-89. Largely offsetting the impact of these factors was the continued strength in the economy, which resulted in increased revenues and restrained the growth in program spending.

Budgetary revenue increased by 6.7% in 1988-89 to \$103,981 million, less than one half of the rate of growth recorded in 1987-88. This slowdown in the rate of growth of budgetary revenues was due largely to developments affecting personal income tax collections. Despite strong growth in employment and personal income, personal income tax collections increased by only 2% in 1988-89, after increasing by 19.1% in 1987-88. This slowdown largely resulted from the impact of personal income tax reform, which became effective January 1, 1988. The changes significantly lowered the statutory tax rates, broadened the tax base by reducing tax preferences, and relieved about 850,000 lower-income Canadians from paying federal personal income tax through the conversion of exemptions into tax credits. As a result of these changes, the rate of growth in personal income tax revenues, the largest component of budgetary revenues, was reduced. In addition, the 1988-89 results were also affected by the impact of the one-time increase in 1987-88 collections associated with the acceleration of source deductions from large employers.

In contrast, sales and excise tax revenues increased by 12.4% in 1988-89. Over half of this increase was due to the acceleration of remittances from large firms. This measure affected companies' cash flow only and had no direct effect on consumers. The extension of the federal sales tax to telecommunication services, together with strong gains in consumer and business spending, also contributed to the strength in sales and excise tax revenues. Although corporate profits were up significantly in 1988, the application of unused losses and deductions restrained the growth in corporate income tax collections. The increase in unemployment insurance contributions reflected the strong gains in employment and the increase in insurable earnings, as premium rates were unchanged in 1988 from those in effect in 1987 and were lower in 1989. The advance in other tax revenue primarily reflects higher dividend payments to non-residents and increased income on foreign exchange reserves.

Total budgetary expenditures increased by 5.7% in 1988-89, down from the advance of 7.9% recorded in 1987-88. Public debt charges were up 14.3% in 1988-89, while program spending advanced by only 3.1%. The increase in public debt charges reflects the increase in the stock of debt and the impact of higher interest rates throughout 1988 on this stock of debt. In contrast, the increase in program spending was less than half that recorded in 1987-88 and, in real terms, represents a decline of about 0.7%.

Most of the increase in program spending was concentrated in the Social Development and Fiscal Arrangements envelopes. Increases in old age security benefits, reflecting the impact of inflation on the indexation formula and increases in the underlying population base, coupled with higher unemployment insurance payments, account for most of the increase in social assistance payments. Payments under the Canada Assistance Plan were also higher. Although entitlements under Established Programs Financing increased by 5.6% in 1988-89, the strong growth in the value of tax points which accompanied the strength in the economy in 1988, restrained the increase in direct cash transfers. Most of the increase in Fiscal Arrangements was due to higher equalization payments. The impact on the equalization formula of robust growth in overall provincial revenues increased payments under this program. The strong growth in the economy underlies the increase in the External Affairs and Aid envelope as Official Development Assistance contributions are linked to the growth in the economy. The increase in Defence spending reflects the timing of capital spending.

In contrast, spending in the Economic and Regional Development envelope declined in 1988-89. The timing of special ad-hoc assistance payments to farmers accounts for the decline in the Economic and Regional Development envelope. Spending in the Services to Government envelope remained restrained, reflecting Government initiatives for cost reductions through better management and the streamlining of selected program spending.

Table 1.2 sets out movements in revenue, expenditure and the deficit over the last ten fiscal years.

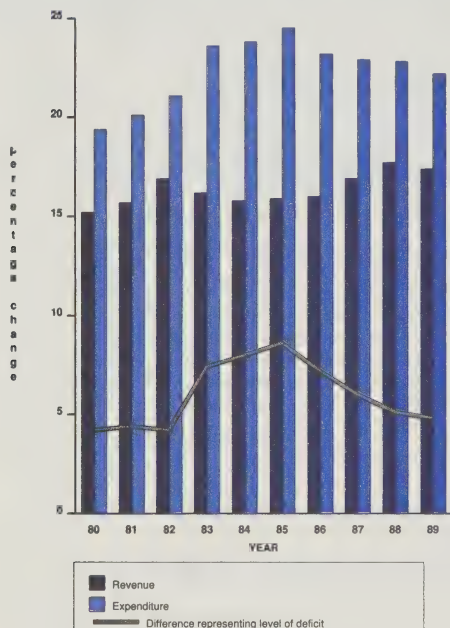
TABLE 1.2
REVENUE, EXPENDITURE AND THE DEFICIT
(in millions of dollars)

Year ended March 31	Revenue	% change over preceding year	Expenditure	% change over preceding year	Deficit
1980	41,921	13.7	53,422	8.0	11,501
1981	48,775	16.4	62,297	16.6	13,522
1982	60,001	23.0	74,873	20.2	14,872
1983	60,705	1.2	88,521	18.2	27,816
1984	64,216	5.8	96,615	9.1	32,399
1985	70,898	10.4	109,222	13.0	38,324
1986	76,833	8.4	111,237	1.8	34,404
1987	85,784	11.7	116,389	4.6	30,605
1988	97,452	13.6	125,535	7.9	28,083
1989	103,981	6.7	132,715	5.7	28,734

Chart B compares the levels of revenue and expenditure expressed as percentages of Gross Domestic Product over the last ten fiscal years and shows the trend in the deficit over that period.

CHART B

REVENUE AND EXPENDITURE AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT



With the deficit increasing by \$651 million in 1988-89 and a lower net source of funds from non-budgetary transactions of \$3,168 million, financial requirements, excluding foreign exchange transactions, increased by \$3,819 million to \$21,972 million. In addition, there were \$5,730 million of requirements for 1988-89 foreign exchange transactions, bringing total financial requirements to \$27,702 million. These requirements were financed by unmatured debt transactions of \$28,002 million, primarily in the form of Treasury bills and marketable bonds. Cash balances at the end of 1988-89 stood at \$1,833 million.

Table 1.3 sets out the financial requirements over the last ten years, while Table 1.4 sets out the major components of non-budgetary transactions for the same period.

TABLE 1.3

FINANCIAL REQUIREMENTS (in millions of dollars)

Year ended March 31	Budgetary deficit	Non- budgetary transactions	Financial requirements		
			Excluding foreign exchange transactions	Foreign exchange transactions	Including foreign exchange transactions
1980	-11,501	1,369	-10,132	-443	-10,575
1981	-13,522	3,628	-9,894	927	-8,967
1982	-14,872	5,626	-9,246	558	-8,688
1983	-27,816	4,014	-23,802	-640	-24,442
1984	-32,399	7,198	-25,201	414	-24,787
1985	-38,324	8,516	-29,808	2,423	-27,385
1986	-34,404	4,134	-30,270	5,626	-24,644
1987	-30,605	9,038	-21,567	-6,390	-27,957
1988	-28,083	9,930	-18,153	-7,149	-25,302
1989	-28,734	6,762	-21,972	-5,730	-27,702

Source/requirement (-)

TABLE 1.4

NON-BUDGETARY TRANSACTIONS (in millions of dollars)

Year ended March 31	Loans, investments and advances	Specified purpose accounts	Other non-budgetary transactions	Total non-budgetary transactions
1980	-1,086	2,289	166	1,369
1981	-169	3,254	543	3,628
1982	-1,506	4,063	3,069	5,626
1983	-502	2,817	1,699	4,014
1984	-464	4,591	3,071	7,198
1985	709	5,124	2,683	8,516
1986	41	5,438	-1,345	4,134
1987	1,386	6,696	956	9,038
1988	1,509	7,482	939	9,930
1989	1,081	5,431	250	6,762

Source/requirement (-)

Factors Affecting Financial Requirements

The Government's net financial requirements reflect not only the difference between budgetary revenue and expenditure, but also the net source of funds generated in non-budgetary transactions. In 1988-89, non-budgetary transactions provided the Government with a source of funds amounting to \$6,762 million, down \$3,168 million from that provided in 1987-88. The source of funds includes \$1,081 million from loans, investments and advances, \$5,431 million from specified purpose accounts, and \$250 million from other non-budgetary transactions. Most of the lower net source of funds in 1988-89 was due to the encashment of accrued interest on the 1981 series of Canada savings bonds and retroactive payments to provinces under the Provincial Tax Collection Agreements Account for taxation year 1987.

SUPPLEMENTARY FINANCIAL INFORMATION

This part provides a ten year comparative summary of the Government's financial transactions, both on the Public Accounts basis and on the National Accounts basis. The Public Accounts presentation reflects the accounting policies explained in Note 1 to the audited financial statements in Section 2 of this volume. The National Accounts presentation is designed primarily to facilitate economic analysis of the federal Government sector on a basis consistent with that used in measuring income and expenditure flows in the economy.

Public Accounts Presentation

The "Summary Statement of Transactions" (Table 1.5) provides aggregate data on the major categories of transactions under four main headings: budgetary, non-budgetary, foreign exchange and unmatured debt. The resulting cash position at the end of each year is also shown.

TABLE 1.5

**GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
SUMMARY STATEMENT OF TRANSACTIONS⁽¹⁾**
(in millions of dollars)

	Year ended March 31									
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
I. Budgetary transactions										
A. Revenue, Table 1.6	41,921	48,775	60,001	60,705	64,216	70,898	76,833	85,784	97,452	103,981
B. Expenditure, Table 1.7	-53,422	-62,297	-74,873	-88,521	-96,615	-109,222	-111,237	-116,389	-125,535	-132,715
Deficit	-11,501	-13,522	-14,872	-27,816	-32,399	-38,324	-34,404	-30,605	-28,083	-28,734
II. Non-budgetary transactions, Table 1.9										
A. Loans, investments and advances	-1,086	-169	-1,506	-502	-464	709	41	1,386	1,509	1,081
B. Specified purpose accounts	2,289	3,254	4,063	2,817	4,591	5,124	5,438	6,696	7,482	5,431
C. Other transactions	166	543	3,069	1,699	3,071	2,683	-1,345	956	939	250
Net source	1,369	3,628	5,626	4,014	7,198	8,516	4,134	9,038	9,930	6,762
Financial requirements (excluding foreign exchange transactions)	-10,132	-9,894	-9,246	-23,802	-25,201	-29,808	-30,270	-21,567	-18,153	-21,972
III. Foreign exchange transactions⁽²⁾, Table 1.10										
Total financial requirements ⁽³⁾	-443	927	558	-640	414	2,423	5,626	-6,390	-7,149	-5,730
IV. Unmatured debt transactions⁽²⁾, Table 1.10										
Change in cash ⁽⁴⁾	7,880	11,160	9,377	22,401	26,620	26,831	23,530	27,831	22,217	28,002
V. Cash balance at end of year, Table 1.10										
	3,738	5,931	6,620	4,579	6,412	5,858	4,744	4,618	1,533	1,833

Details can be found in other sections of this volume.

⁽¹⁾ Consistent with the Statement of Transactions in Section 2 of this volume.

⁽²⁾ The change in unmatured debt payable in foreign currencies, -\$2,962 million in 1988-89 (-\$715 million in 1987-88), has been included as part of foreign exchange transactions.

⁽³⁾ Cash requirements (-)

⁽⁴⁾ Cash decrease (-)

TABLE 1.6

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF REVENUE TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
I. Budgetary transactions										
A. REVENUE, Section 3										
Tax revenue—										
Income tax—										
Personal	16,808	19,837	24,046	26,330	26,967	29,254	33,008	37,878	45,125	46,026
Corporation	6,951	8,106	8,118	7,139	7,286	9,379	9,210	9,885	10,878	11,730
Unemployment insurance contributions	2,778	3,303	4,753	4,900	7,259	7,553	8,719	9,558	10,425	11,268
Non-resident	787	867	1,018	998	908	1,021	1,053	1,355	1,162	1,578
	27,324	32,113	37,935	39,367	42,420	47,207	51,990	58,676	67,590	70,602
Excise taxes and duties—										
Sales tax	4,651	5,355	6,148	5,842	6,561	7,592	9,345	11,972	12,927	15,645
Customs import duties	2,996	3,185	3,435	2,828	3,376	3,794	3,971	4,187	4,385	4,521
Excise duties	895	1,042	1,175	1,274	1,356	1,462	1,473	1,470	1,459	1,453
Other	502	570	564	685	754	850	1,354	1,455	1,567	1,506
	9,044	10,152	11,322	10,629	12,047	13,698	16,143	19,084	20,338	23,125
Energy taxes—										
Excise tax—Gasoline	421	453	436	408	386	404	729	1,279	2,286	2,174
Petroleum and gas revenue tax		27	864	1,960	2,106	2,563	2,037	473	-75	105
Excise tax—Aviation gas and diesel fuel							41	213	385	369
Natural gas and gas liquids tax		187	998	1,264	524	-15	-15	1		-1
Oil export charges	750	842	964	626	347	677	327		1	
Special petroleum compensation charge			473							
Canadian Ownership special charge			786	889	805	850	229	-1	6	-1
	1,171	1,509	4,521	5,147	4,168	4,479	3,348	1,965	2,603	2,646
	10,215	11,661	15,843	15,776	16,215	18,177	19,491	21,049	22,941	25,771
Other tax revenue	96	99	120	132	126	107	126	144	207	265
Total tax revenue	37,635	43,873	53,898	55,275	58,761	65,491	71,607	79,869	90,738	96,638
Non-tax revenue—										
Return on investments—										
Bank of Canada	1,084	1,459	1,853	1,879	1,744	1,852	1,880	1,936	1,844	1,938
Canada Mortgage and Housing Corporation	782	839	873	892	941	913	892	866	853	845
Farm Credit Corporation	210	243	285	346	408	452	403	372	324	301
Exchange Fund Account	719	850	711	435	345	224	-505	366	752	1,658
Interest on bank deposits	244	318	701	433	395	243	278	219	279	255
Other return on investments	607	606	641	631	539	568	791	475	496	512
	3,646	4,315	5,064	4,616	4,372	4,252	3,739	4,234	4,548	5,509
Other non-tax revenue	640	587	1,039	814	1,083	1,155	1,487	1,681	2,166	1,834
Total non-tax revenue	4,286	4,902	6,103	5,430	5,455	5,407	5,226	5,915	6,714	7,343
Total net revenue	41,921	48,775	60,001	60,705	64,216	70,898	76,833	85,784	97,452	103,981

TABLE 1.7

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF EXPENDITURE TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
I. Budgetary transactions										
B. EXPENDITURE, Section 4										
Social development—										
Old age security benefits, guaranteed income supplements and spouses' allowances	6,320	7,418	8,585	9,643	10,406	11,418	12,525	13,445	14,349	15,202
Unemployment insurance benefits	3,922	4,524	5,446	9,823	9,782	10,052	10,036	10,444	10,487	10,972
Established programs financing—										
Insurance and medical care services	3,858	3,982	4,283	4,060	5,564	6,330	6,400	6,607	6,558	6,678
Education support	1,515	1,600	1,628	1,532	2,065	2,265	2,277	2,232	2,242	2,227
Canada Assistance Plan	1,653	1,941	2,298	2,832	3,288	3,745	3,916	4,051	4,246	4,556
Family allowances	1,725	1,851	2,020	2,231	2,326	2,418	2,501	2,534	2,564	2,606
Justice and legal	1,063	1,197	1,357	1,506	1,697	1,863	2,016	2,177	2,318	2,526
Social assistance—Indians and Inuit	870	1,015	1,202	1,664	1,786	1,985	1,951	2,238	2,330	2,509
Direct job creation and training	1,213	1,096	1,164	1,384	1,799	2,053	1,795	1,939	1,929	1,938
Veterans benefits	933	1,006	1,140	1,283	1,387	1,458	1,535	1,586	1,609	1,612
Housing	896	1,058	943	1,853	1,598	1,657	1,429	1,454	1,885	1,734
Television, film and radio	569	844	741	822	913	1,034	1,023	1,025	1,097	1,144
Other	1,707	2,420	2,985	3,691	4,025	4,261	4,415	4,838	5,022	5,387
	26,244	29,952	33,792	42,324	46,636	50,539	51,819	54,570	56,636	59,091
Economic and regional development	7,033	8,761	9,801	11,577	12,064	14,851	11,821	11,792	14,232	13,341
Defence	4,377	5,063	5,989	6,938	7,843	8,762	9,094	9,993	10,769	11,025
Fiscal arrangements	3,455	3,944	4,750	5,597	5,977	5,985	5,941	6,302	7,007	8,127
Services to Government	2,327	2,332	3,460	2,963	3,465	3,788	4,433	3,975	4,194	4,149
External affairs and aid	1,392	1,457	1,814	2,050	2,373	2,646	2,490	2,892	3,438	3,557
Parliament	100	130	153	169	180	196	198	207	231	242
Total program expenditure	44,928	51,639	59,759	71,618	78,538	86,767	85,796	89,731	96,507	99,532
Public debt	8,494	10,658	15,114	16,903	18,077	22,455	25,441	26,658	29,028	33,183
Total net expenditure	53,422	62,297	74,873	88,521	96,615	109,222	111,237	116,389	125,535	132,715

TABLE 1.8

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
COMPARATIVE STATEMENT OF FINANCIAL ASSETS AND LIABILITIES
(in millions of dollars)

	Year ended March 31									
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
FINANCIAL ASSETS										
<i>LOANS, INVESTMENTS AND ADVANCES</i>										
Crown corporations	22,468	22,161	23,917	25,752	26,151	25,434	25,551	24,721	23,271	23,248
Less: allowance for valuation	2,093	2,093	2,237	3,760	3,700	3,800	3,700	3,800	3,400	4,400
.....	20,375	20,068	21,680	21,992	22,451	21,634	21,851	20,921	19,871	18,848
Other	8,024	8,124	8,518	9,101	9,675	10,382	10,524	9,968	9,609	9,351
Less: allowance for valuation	3,915	3,539	4,039	4,432	5,001	5,600	6,000	5,900	6,000	5,800
.....	4,109	4,585	4,479	4,669	4,674	4,782	4,524	4,068	3,609	3,551
Total Net Loans, Investments and Advances	24,484	24,653	26,159	26,661	27,125	26,416	26,375	24,989	23,480	22,399
<i>FOREIGN EXCHANGE ACCOUNTS</i>										
International reserves held in the Exchange Fund										
Account	3,871	2,838	3,023	4,636	3,623	4,211	3,459	8,212	14,779	17,422
International Monetary Fund—Subscriptions	2,031	2,961	2,780	2,716	3,995	3,985	4,670	4,936	5,038	4,534
Less: International Monetary Fund—Notes payable and Special Drawing Rights allocations	2,573	3,463	3,391	3,323	4,302	4,332	5,151	5,580	5,815	5,186
Total Net Foreign Exchange Accounts	3,329	2,336	2,412	4,029	3,316	3,864	2,978	7,568	14,002	16,770
CASH IN TRANSIT	1,152	1,845	1,829	2,565	1,876	1,882	1,693	1,468	2,322	1,935
CASH	3,738	5,931	6,620	4,579	6,412	5,858	4,744	4,618	1,533	1,833
TOTAL FINANCIAL ASSETS	32,703	34,765	37,020	37,834	38,729	38,020	35,790	38,643	41,337	42,937
ACCUMULATED DEFICIT	72,159	85,681	100,553	128,369	160,768	199,092	233,496	264,101	292,184	320,918
TOTAL	104,862	120,446	137,573	166,203	199,497	237,112	269,286	302,744	333,521	363,855
LIABILITIES										
<i>SPECIFIED PURPOSE ACCOUNTS</i>										
Canada Pension Plan Account(net)	836	1,009	1,179	1,344	1,496	1,707	2,218	3,774	4,776	5,545
Superannuation accounts(net)	20,022	22,329	25,343	28,826	32,688	36,990	41,670	46,665	52,088	57,913
Government Annuities Account	1,208	1,193	1,172	1,150	1,124	1,095	1,060	1,024	987	948
Deposit and trust accounts	422	454	1,363	890	1,154	1,413	1,826	1,841	1,790	1,267
Provincial tax collection agreements account	743	1,471	1,415	1,031	1,308	1,617	1,390	1,447	2,497	1,766
Other	291	320	367	415	477	549	645	754	849	979
Total Specified Purpose Accounts	23,522	26,776	30,839	33,656	38,247	43,371	48,809	55,505	62,987	68,418
OTHER LIABILITIES	9,432	10,668	13,721	16,156	18,538	21,227	19,693	20,424	22,217	22,080
<i>UNMATURED DEBT</i>										
Payable in Canadian currency	67,068	78,228	87,605	110,006	136,626	163,457	186,987	214,818	237,035	265,037
Payable in foreign currencies	4,840	4,774	5,408	6,385	6,086	9,057	13,797	11,997	11,282	8,320
Total Unmatured Debt	71,908	83,002	93,013	116,391	142,712	172,514	200,784	226,815	248,317	273,357
TOTAL	104,862	120,446	137,573	166,203	199,497	237,112	269,286	302,744	333,521	363,855

TABLE 1.9

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF NON-BUDGETARY TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
II. Non-budgetary transactions										
A. LOANS, INVESTMENTS AND ADVANCES, Section 6										
Crown corporations—										
Lending institutions—										
Canada Deposit Insurance Corporation			-200	60	140	-40	-895	-268	-131	-361
Canada Mortgage and Housing Corporation	-366	-66	-199	-30	194	364	195	254	234	273
Export Development Corporation	-44	19	52	-40	-5	39	64	49	55	25
Farm Credit Corporation	-307	-270	-348	-394	-379	172	214	591	-179	230
Federal Business Development Bank	-245	101	125	145	172	157	119	93	51	
	-962	-216	-570	-259	122	692	-303	719	30	167
All other Crown corporations—										
Atomic Energy of Canada Limited	-216	697	8	3	37	38	67	19	20	21
Canada Development Investment Corporation				-308	5	18				
Canadian National Railway Company	-108	-8		-41	-62	2	9	352	29	12
Petro-Canada	-80	-440	-840	-1,354	-660					
Other	15	275	-354	124	159	-33	110	-291	1,371	-177
	-389	524	-1,186	-1,576	-521	25	186	80	1,420	-144
Allowance for valuation of assets			144	1,523	-60	100	-100	100	-400	1,000
	-1,351	308	-1,612	-312	-459	817	-217	899	1,050	1,023
Other loans, investments and advances—										
Provincial and territorial governments	44	247	28	-41	35	67	110	89	37	28
National governments including developing countries	-185	-204	-276	-273	-167	-172	-142	124	81	132
International organizations (subscriptions less notes) ..	-134	-110	-166	-213	-335	-378	-220	46	15	-24
Veteran's Land Act Fund advances less allowance	43	37	29	28	31	32	31	26	24	20
Joint and mixed enterprises	-27	-52	8	-42	7	-93	-61	237	319	36
Miscellaneous	-29	-19	-17	-42	-145	-163	140	65	-117	66
	-288	-101	-394	-583	-574	-707	-142	587	359	258
Allowance for valuation of assets	553	-376	500	393	569	599	400	-100	100	-200
	265	-477	106	-190	-5	-108	258	487	459	58
Total loans, investments and advances after allowance for valuation of assets	-1,086	-169	-1,506	-502	-464	709	41	1,386	1,509	1,081
B. SPECIFIED PURPOSE ACCOUNTS, Section 7										
Liability accounts—										
Canada Pension Plan Account	113	173	170	165	152	211	511	1,556	1,002	769
Superannuation accounts	1,966	2,307	3,014	3,483	3,862	4,302	4,680	4,995	5,423	5,825
Government Annuities Account	-14	-15	-21	-22	-26	-29	-35	-36	-37	-39
Deposit and trust accounts	78	32	909	-473	264	259	413	14	-45	-523
Provincial tax collection agreements account	118	728	-56	-384	277	309	-227	57	1,050	-731
Other	28	29	47	48	62	72	96	110	89	130
Total specified purpose accounts	2,289	3,254	4,063	2,817	4,591	5,124	5,438	6,696	7,482	5,431
C. OTHER TRANSACTIONS, Sections 8 and 11										
Cash in transit	-130	-693	16	-736	689	-6	189	225	-854	387
Other liabilities	296	1,236	3,053	2,435	2,382	2,689	-1,534	731	1,793	-137
Total other transactions	166	543	3,069	1,699	3,071	2,683	-1,345	956	939	250
Net non-budgetary transactions after allowance for valuation of assets	1,369	3,628	5,626	4,014	7,198	8,516	4,134	9,038	9,930	6,762
Summary—										
Net non-budgetary transactions before allowance for valuation of assets	816	4,004	4,982	2,098	6,689	7,817	3,834	9,038	10,230	5,962
Allowance for valuation of assets	553	-376	644	1,916	509	699	300		-300	800
Net non-budgetary transactions after allowance for valuation of assets	1,369	3,628	5,626	4,014	7,198	8,516	4,134	9,038	9,930	6,762

Source/requirement (-)

TABLE 1.10

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF FOREIGN EXCHANGE, UNMATURED DEBT AND CASH TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
III. Foreign exchange transactions, Section 9										
International reserves held in the Exchange Fund										
Account	1,828	1,033	-185	-1,613	1,013	-588	752	-4,753	-6,567	-2,643
International Monetary Fund—Subscriptions	-7	-930	181	64	-1,279	10	-685	-266	-102	504
.....	1,821	103	-4	-1,549	-266	-578	67	-5,019	-6,669	-2,139
Less: International Monetary Fund—Notes payable	-39	-715	2	44	-961	-32	-637	-359	-208	495
Special Drawing Rights allocations	-213	-175	70	24	-18	2	-182	-70	-27	134
.....	-252	-890	72	68	-979	-30	-819	-429	-235	629
Unmatured debt transactions payable in foreign currencies	-2,516	-66	634	977	-299	2,971	4,740	-1,800	-715	-2,962
Total foreign exchange transactions	-443	927	558	-640	414	2,423	5,626	-6,390	-7,149	-5,730
IV. Unmatured debt transactions, Section 10										
Marketable bonds	6,417	7,834	3,000	4,989	7,281	12,379	15,584	13,337	9,928	10,899
Canada savings bonds	-1,166	-2,269	9,166	7,663	5,563	3,756	2,285	64	9,014	-5,567
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund	17	23	18	17	18	16	240	1,351	696	513
Treasury bills	2,790	5,445	-2,395	9,750	12,575	10,600	9,650	15,000	4,100	21,650
Notes and loans	-2,528	-5	268	863	1,085	2,987	861	-2,823	-1,171	-2,015
Canada bills	5,530	11,028	10,057	23,282	26,522	29,738	28,620	27,974	22,567	25,566
Less: Government's holdings of unmatuured debt—										
Marketable bonds	145	-83	14	-110	172	-122	137	-175	141	-52
Canada savings bonds held on account of employees	4	-6	14	-3	11	42	-27	36	11	10
Canada savings bonds held on account of the Payroll Savings Plan								731	217	54
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund	17	23	18	17	18	16	240	1,351	696	514
Unmatured debt transactions payable in foreign currencies	-2,516	-66	634	977	-299	2,971	4,740	-1,800	-715	-2,962
.....	-2,350	-132	680	881	-98	2,907	5,090	143	350	-2,436
Total unmatuured debt transactions payable in Canadian currency	7,880	11,160	9,377	22,401	26,620	26,831	23,530	27,831	22,217	28,002
V. Cash balance at end of year, Section 11										
In Canadian currency	3,661	5,826	6,541	4,193	6,329	5,779	4,566	4,479	1,381	1,708
In foreign currencies	77	105	79	386	83	79	178	139	152	125
Total cash balance	3,738	5,931	6,620	4,579	6,412	5,858	4,744	4,618	1,533	1,833

Source/requirement (-)

TABLE 1.11
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF TRANSACTIONS—CERTAIN SPECIFIED PURPOSE ACCOUNTS
(in millions of dollars)

	Year ended March 31									
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
CANADA PENSION PLAN ACCOUNT										
Receipts—										
Employer and employee contributions	2,367	2,689	3,282	3,446	3,716	3,879	4,495	4,976	5,583	6,248
Investment income	1,289	1,519	1,850	2,236	2,534	2,889	3,162	3,404	3,669	3,913
Disbursements—										
Pensions	-1,635	-2,011	-2,456	-3,036	-3,657	-4,224	-4,887	-5,722	-7,329	-8,445
Administration expenses	-58	-67	-76	-85	-89	-100	-111	-140	-135	-134
Net	1,963	2,130	2,600	2,561	2,504	2,444	2,659	2,518	1,788	1,582
Investments—Provincial and territorial government securities in Investment Fund	-1,850	-1,957	-2,430	-2,396	-2,352	-2,233	-2,148	-962	-786	-813
Total (net) Canada Pension Plan Account	113	173	170	165	152	211	511	1,556	1,002	769
SUPERANNUATION ACCOUNTS										
Public Service Superannuation Account—										
Receipts—										
Government contribution	272	288	321	339	349	373	391	398	427	434
Employee contributions	282	314	331	339	362	379	384	410	415	406
Public Service corporations—Employer and employee contributions	54	57	128	232	239	246	246	242	240	248
Interest	417	608	837	981	1,261	1,616	1,993	2,445	2,775	3,075
Actuarial liability adjustment	630	559	951	267						
Other	14	10	14	21	21	21	25	31	31	33
Disbursements—										
Annuities	-357	-409	-466	-523	-576	-647	-740	-835	-931	-1,037
Other	-66	-61	-65	-45	-42	-49	-65	-77	-116	-159
Change in unamortized portion of actuarial deficiency	-194	-104	-375	301	481	356	244	53		
Net	1,052	1,262	1,676	1,912	2,095	2,295	2,478	2,667	2,841	3,000
Canadian Forces Superannuation Account—										
Receipts—										
Government contribution	133	142	159	183	200	212	223	233	247	255
Employee contributions	74	80	91	105	113	120	125	131	139	142
Interest	340	480	618	755	933	1,125	1,350	1,546	1,782	1,968
Actuarial liability adjustment	284	252	454	286	20					
Other	1	1	1	2	2	2	2	3	2	3
Disbursements—										
Annuities	-242	-267	-292	-315	-336	-363	-394	-426	-459	-499
Other	-11	-14	-15	-12	-10	-13	-16	-17	-20	-25
Change in unamortized portion of actuarial deficiency	28	19	-151	20	239	203	152	62	4	0
Net	607	693	865	1,024	1,161	1,286	1,442	1,532	1,695	1,844
Royal Canadian Mounted Police Superannuation Account—										
Receipts—										
Government contribution	39	44	52	61	65	67	68	72	82	99
Employee contributions	20	22	27	31	34	34	34	37	40	41
Interest	51	59	68	103	127	157	196	237	271	307
Actuarial liability adjustment	13	38	51	5						
Disbursements—										
Annuities	-10	-13	-16	-19	-21	-24	-27	-33	-40	-48
Other	-2	-3	-3	-2	-2	-2	-2	-3	-2	-2
Change in unamortized portion of actuarial deficiency	14	-12	-21	17	22	19	11	1		
Net	125	135	158	196	225	251	280	311	351	397
Supplementary Retirement Benefits Account—										
Receipts—										
Government contribution	66	74	88	81	94	100	103	111	115	115
Employee contributions	68	75	83	87	94	100	103	111	115	115
Public Service corporations—Employer and employee contributions	10	10	24	43	45	46	47	45	48	50
Other	59	94	159	180	185	260	268	273	332	398
Disbursements—										
Annuities	-11	-25	-26	-31	-27	-25	-27	-37	-53	-71
Other	-10	-11	-13	-9	-10	-11	-14	-18	-21	-23
Net	182	217	315	351	381	470	480	485	536	584
Total (net) superannuation accounts	1,966	2,307	3,014	3,483	3,862	4,302	4,680	4,995	5,423	5,825

Source/requirement (-)

National Accounts Presentation

The National Income and Expenditure Accounts were developed as a basis for economic analysis of income and expenditure flows in the economy. The concepts and definitions applied to the Government sector are consistent with those applied to other sectors and follow international practices developed under the aegis of the United Nations. The economic nature of a transaction is the determining factor in its classification within the National Accounts framework.

In 1988-89, the National Accounts deficit increased by \$1,038 million or 4.9% from the 1987-88 level. This reflects a 5.7% increase in revenue and a 5.6% increase in expenditure.

TABLE 1.12

GOVERNMENT OF CANADA
NATIONAL ACCOUNTS PRESENTATION
DETAILED STATEMENT OF REVENUE AND EXPENDITURE TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
I. National Accounts transactions⁽¹⁾										
A. REVENUE—										
Direct taxes—										
Persons	20,803	24,536	30,563	33,213	35,715	37,893	44,218	50,110	57,172	58,954
Corporations	7,447	8,958	8,926	9,292	10,049	11,354	11,395	9,963	10,890	11,552
Non-residents	890	932	1,163	1,116	1,051	1,170	1,192	1,449	1,418	1,809
<i>Total direct taxes</i>	<i>29,140</i>	<i>34,426</i>	<i>40,652</i>	<i>43,621</i>	<i>46,815</i>	<i>50,417</i>	<i>56,805</i>	<i>61,522</i>	<i>69,480</i>	<i>72,315</i>
Indirect taxes	11,087	13,467	19,355	16,863	16,789	18,719	18,647	21,521	23,904	25,444
Other current transfers from persons	17	16	15	15	16	18	24	23	26	24
Investment income	4,215	4,792	5,891	4,913	6,567	7,256	7,939	8,061	9,053	10,560
Capital consumption allowances	746	837	944	1,008	1,077	1,176	1,258	1,326	1,373	1,412
Total revenue	45,205	53,538	66,857	66,420	71,264	77,586	84,673	92,453	103,836	109,755
B. EXPENDITURE—										
Current goods and services—										
Defence	4,287	5,022	5,689	6,896	7,560	8,447	9,203	9,520	10,289	10,711
Non-defence	8,603	9,494	11,259	12,283	12,603	13,315	14,123	14,577	14,510	15,041
<i>Total current goods and services</i>	<i>12,890</i>	<i>14,516</i>	<i>16,948</i>	<i>19,179</i>	<i>20,163</i>	<i>21,762</i>	<i>23,326</i>	<i>24,097</i>	<i>24,799</i>	<i>25,752</i>
Transfer payments to persons	14,933	17,114	19,776	25,989	28,254	30,440	31,809	33,631	34,987	36,451
Subsidies	4,005	5,824	6,535	5,915	5,825	7,804	5,206	5,478	7,316	5,834
Capital assistance	675	733	1,042	3,373	3,239	3,452	2,717	2,414	1,816	1,647
Current transfers to non-residents	794	779	944	1,072	1,282	1,541	1,538	1,904	2,239	2,405
Interest on the public debt	8,370	10,544	14,855	16,821	17,900	22,116	25,102	26,385	28,680	33,116
Transfers to provinces	11,839	12,574	14,217	15,902	18,316	20,120	20,270	20,970	22,829	23,954
Transfers to local governments	316	303	326	345	528	503	488	520	613	691
Gross capital formation	891	755	1,276	1,310	1,714	2,433	2,182	1,917	1,933	2,319
Total expenditure	54,713	63,142	75,919	89,906	97,221	110,171	112,638	117,316	125,212	132,169
Deficit	-9,508	-9,604	-9,062	-23,486	-25,957	-32,585	-27,965	-24,863	-21,376	-22,414

⁽¹⁾ These "National Accounts transactions" are consistent with those released by Statistics Canada on August 31, 1989.

Public Accounts and National Accounts Reconciliation

The reconciliation of transactions between the Public Accounts and National Accounts is set out in the table that follows. The major factors which give rise to the need for a reconciliation are listed below.

The deficits of Government business enterprises which are outside the Government accounting entity are, for Public Accounts presentation purposes, met through budgetary appropriations and are thus recorded as budgetary expenditure. In the National Accounts presentation, these deficits are netted against Government investment income.

Revenue in the Public Accounts is recorded on a cash basis. While the major portion of National Accounts revenue is accounted for on a cash basis, certain items, such as corporate income taxes and the oil export charges, are reported on an accrual basis. This difference also results in a different treatment of the acceleration of source deductions and sales and excise taxes by large firms.

Transactions of employee pension accounts are treated as non-budgetary in the Public Accounts, although the Government's

contributions to, and interest payments on, these accounts are included in expenditure. Employer and employee contributions to these accounts, plus any related interest income, form part of Government revenue in the National Accounts presentation, and pension payments form part of Government expenditure.

In the Public Accounts presentation, the purchase of capital assets such as buildings and machinery is recorded as a budgetary expenditure in the year of acquisition. Only newly produced capital assets and capital expenditures are included in National Accounts expenditure. The National Accounts also ignore the sale of capital assets as such sales are not deemed to give rise to production. Both Government revenue and expenditure include an allowance for the depreciation of capital assets in the National Accounts termed "Capital consumption allowance". This item is not a part of Public Accounts reporting.

The National Accounts include certain Government agencies which are not part of the Public Accounts. The financial transactions of those agencies are included in National Accounts revenue and expenditure.

TABLE 1.13

GOVERNMENT OF CANADA PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION (in millions of dollars)

	Year ended March 31									
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Budgetary revenue—Public Accounts	41,921	48,775	60,001	60,705	64,216	70,898	76,833	85,784	97,452	103,981
Reconciling items—										
Government pension receipts	2,705	3,148	3,960	4,508	4,965	5,528	6,070	6,548	7,176	7,864
Corporate income tax—Excess of accruals over collections	555	681	-91	910	520	-460	-163	-341	424	-178
Capital consumption allowances	746	837	944	1,008	1,077	1,176	1,258	1,326	1,373	1,412
Petroleum compensation charge ^[1]	400	1,459	3,855	2,852	1,833	2,291	690			
Non-tax revenue ^[2]	-365	-421	-488	-580	-656	-836	-989	-968	-1,260	-1,262
Deficits of Government business enterprises	-791	-1,124	-1,465	-1,208	-1,088	-1,104	-933	-938	-937	-907
Miscellaneous ^[3]	34	183	141	-1,775	397	93	1,907	1,042	-392	-1,155
Total revenue—National Accounts	45,205	53,538	66,857	66,420	71,264	77,586	84,673	92,453	103,836	109,755
Budgetary expenditure—Public Accounts	53,422	62,297	74,873	88,521	96,615	109,222	111,237	116,389	125,535	132,715
Reconciling items—										
Government pension payments	701	818	878	959	1,029	1,139	1,285	1,437	1,600	1,700
Net expenditure of funds and agencies ^[4]	1,491	1,399	1,571	1,241	1,403	1,451	1,442	1,567	1,619	1,404
Capital consumption allowances	746	837	944	1,008	1,077	1,176	1,258	1,326	1,373	1,412
Petroleum compensation program ^[5]	457	900	3,804	2,746	1,763	2,238	1,133	6	60	
Non-tax revenue ^[6]	-365	-421	-488	-580	-656	-836	-989	-968	-1,260	-1,262
Deficits of Government business enterprises	-791	-1,124	-1,465	-1,208	-1,088	-1,104	-933	-938	-937	-907
Budgetary transfers to funds and agencies	-2,525	-1,737	-2,789	-986	-1,232	-1,524	-1,273	-1,213	-1,336	-1,326
Miscellaneous ^[7]	1,577	173	-1,409	-1,795	-1,690	-1,591	-522	-290	-1,442	-1,567
Total expenditure—National Accounts	54,713	63,142	75,919	89,906	97,221	110,171	112,638	117,316	125,212	132,169

^[1] In the Public Accounts, the petroleum compensation charge is netted against petroleum compensation payments and included in budgetary expenditure. Gross revenues and payments are recorded in the National Accounts.

^[2] Various items of non-tax revenue, such as service fees and proceeds from the sale of current goods, which are reported as revenue in the Public Accounts, are netted to expenditure in the National Accounts.

^[3] Major items under miscellaneous include adjustments for proceeds from the sale of used capital assets, air transportation tax, imputed items, the treatment of revenue in the supplementary accounting period after March 31, and the treatment of the acceleration of source deductions and sales and excise taxes by large firms.

^[4] In the National Accounts, budgetary appropriations to various funds and agencies are replaced by net actual expenditures of the funds and agencies.

^[5] This item represents the difference between the gross payments recorded on the National Accounts basis and net payments recorded on the Public Accounts basis.

^[6] Various non-tax revenues, such as service fees and proceeds from the sale of current goods, which are reported as revenue in the Public Accounts, are netted to expenditure in the National Accounts.

^[7] Major items under miscellaneous include adjustments for reserves and write-offs, provision for the valuation of assets and liabilities, purchase of used capital assets, imputed items, and the treatment of expenditure in the supplementary accounting period after March 31.

SECTION 2

1988-89

PUBLIC ACCOUNTS

Audited Financial Statements of the Government of Canada

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PREFACE TO THE AUDITED FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

The fundamental purpose of the financial statements is to provide information to Parliament and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible, distinguishing between those of the Government and those relating to Crown corporations. As well, in summary form, disclosure is provided of the administration of financial resources by the Government in accordance with the dollar limits established by the appropriate legislative authorities.

The two basic concepts underlying the Government's accounting system are found in the Constitution Acts: first, the concept of the Consolidated Revenue Fund, which emanates from the requirement that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund"; second, the concept that the balance of the Fund, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The financial statements consist of three statements and accompanying notes. The first statement is the Statement of Transactions, which shows how the financial requirements were met, and the effect of the transactions on the Consolidated Revenue Fund. The financial transactions are classified into the following categories:

- The first category, budgetary, consists of all the transactions with outside parties which enter into the calculation of the annual deficit or surplus of the Government, that is, the receipts from tax and non-tax revenue, together with the expenditures authorized by Parliament.
- The second category, non-budgetary, consists of transactions in loans, investments and advances, in liabilities for the administration of certain public money received or collected for special purposes, and in other liabilities, other than those related to foreign exchange and unmatured debt.
- The third category, foreign exchange, reflects transactions in international reserves held in the Exchange Fund Account (the principal objective of which is to aid in the control and protection of the external value of the Canadian dollar) together with an accounting of the net position of the Government with respect to the International Monetary Fund. Foreign exchange transactions include unmatured debt payable in foreign currencies.
- The fourth category, unmatured debt, represents the extent to which financial requirements have been met through the increase in unmatured debt, that is, the net change in amounts owing for marketable bonds, Canada savings bonds, special non-marketable bonds issued to the Canada Pension Plan Investment Fund and Treasury bills. Unmatured debt transactions exclude unmatured debt payable in foreign currencies.

The second statement is the Statement of Revenue and Expenditure and Accumulated Deficit, which gives a more detailed accounting of the budgetary transactions summarized in the Statement of Transactions and shows the changes in the accumulated deficit.

The third statement is the Statement of Assets and Liabilities. This statement differs in some ways from the conventional balance sheet of the private sector. Fixed assets, having been accounted for as expenditures, are reported at the nominal value of \$1, and revenues not yet received, such as uncollected taxes, are not recorded as assets. It should be noted, therefore, that the difference between total financial assets and total liabilities is simply the aggregate of annual budgetary deficits and surpluses determined in accordance with the accounting policies of the Government.

Other sections in this volume, together with Volumes II and III of the Public Accounts, are designed to provide more detailed information supporting the financial statements.

STATEMENT OF RESPONSIBILITY

The financial statements in this section were prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the statements and, except for the change in allocation of tax refunds described in Note 4(ii), on a basis consistent with that of the preceding year.

Responsibility for the integrity and objectivity of the financial statements rests with the Government. The financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada, in compliance with governing legislation. The financial statements are prepared on a modified cash basis of accounting, that is revenues are reported on a cash basis and expenditures are reported on an accrual basis. Where there are departures from cash accounting, the information included in these financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks, and which are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized record of the Government's financial transactions, and obtains additional information as required, from departments, agencies and Crown corporations, to meet accounting and reporting requirements.

The Auditor General of Canada provides an independent opinion on the financial statements prepared by the Government. The duties of the Auditor General in that respect are set out in Section 6 of the Auditor General Act which states in part that the Auditor General "shall express his opinion as to whether they (the financial statements) present fairly information in accordance with stated accounting policies of the federal government and on a basis consistent with that of the preceding year together with any reservations he may have".

Annually, the financial statements are tabled in Parliament as part of the Public Accounts, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government of Canada.

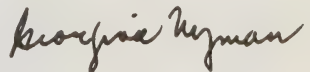
August 15, 1989



J.A. MACDONALD
Comptroller General of Canada



FREDERICK W. GORBET
Deputy Minister of Finance



GEORGINA WYMAN
Deputy Receiver General for Canada

GOVERNMENT OF CANADA

Statement of Transactions
for the Year Ended March 31, 1989
(in millions of dollars)

	1989	1988
BUDGETARY TRANSACTIONS		
Revenue	103,981	97,452
Expenditure	-132,715	-125,535
Deficit	-28,734	-28,083
NON-BUDGETARY TRANSACTIONS		
Loans, investments and advances	1,081	1,509
Specified purpose accounts	5,431	7,482
Other transactions	250	939
Net source	6,762	9,930
Financial requirements(excluding foreign exchange transactions)	-21,972	-18,153
FOREIGN EXCHANGE TRANSACTIONS⁽¹⁾	-5,730	-7,149
Total financial requirements	-27,702	-25,302
UNMATURED DEBT TRANSACTIONS⁽¹⁾	28,002	22,217
Change in cash	300	-3,085
CASH BALANCE AT BEGINNING OF YEAR	1,533	4,618
CASH BALANCE AT END OF YEAR	1,833	1,533

The accompanying notes are an integral part of this statement.

Cash requirements (-).

Details can be found in other sections of this volume.

⁽¹⁾ Unmatured debt payable in foreign currencies, -\$2,962 million in 1989 (-\$715 million in 1988), has been included as part of foreign exchange transactions.

August 15, 1989

GOVERNMENT OF CANADA

Statement of Revenue and Expenditure and Accumulated Deficit
for the Year Ended March 31, 1989

(in millions of dollars)

	1989		1988	
	Gross ⁽¹⁾	Net ⁽¹⁾	Gross ⁽¹⁾	Net ⁽¹⁾
REVENUE, Table 3.1, Section 3—				
TAX REVENUE				
Income tax—				
Personal (Note 4)	46,026	46,026	45,125	45,125
Corporation	11,730	11,730	10,878	10,878
Unemployment insurance contributions	11,268	11,268	10,425	10,425
Non-resident	1,578	1,578	1,162	1,162
	70,602	70,602	67,590	67,590
Excise taxes and duties—				
Sales tax	15,645	15,645	12,927	12,927
Customs import duties	4,521	4,521	4,385	4,385
Energy taxes	2,648	2,646	2,657	2,603
Other	3,458	2,959	3,461	3,026
	26,272	25,771	23,430	22,941
Other tax revenue	265	265	207	207
	97,139	96,638	91,227	90,738
NON-TAX REVENUE				
Return on investments	5,531	5,509	4,572	4,548
Other non-tax revenue	3,515	1,834	3,795	2,166
	9,046	7,343	8,367	6,714
TOTAL REVENUE (Note 4)	106,185	103,981	99,594	97,452
EXPENDITURE, Table 4.1, Section 4—				
Social development—				
Old age security benefits, guaranteed income supplements and spouses' allowances	15,202	15,202	14,349	14,349
Unemployment insurance benefits	10,972	10,972	10,487	10,487
Established programs financing—				
Insurance and medical care services	6,678	6,678	6,558	6,558
Education support	2,227	2,227	2,242	2,242
Canada Assistance Plan	4,556	4,556	4,246	4,246
Family allowances	2,606	2,606	2,564	2,564
Justice and legal	2,987	2,526	2,755	2,318
Social assistance—Indians and Inuit	2,509	2,509	2,330	2,330
Direct job creation and training	1,938	1,938	1,929	1,929
Veterans benefits	1,612	1,612	1,609	1,609
Housing	1,734	1,734	1,885	1,885
Television, film and radio	1,152	1,144	1,104	1,097
Other	5,446	5,387	5,074	5,022
	59,619	59,091	57,132	56,636
Economic and regional development	14,401	13,341	15,231	14,232
Defence	11,291	11,025	11,074	10,769
Fiscal arrangements	8,127	8,127	7,007	7,007
Services to Government	4,472	4,149	4,513	4,194
External affairs and aid	3,584	3,557	3,461	3,438
Parliament	242	242	231	231
Total program expenditure	101,736	99,532	98,649	96,507
Public debt	33,183	33,183	29,028	29,028
TOTAL EXPENDITURE (Notes 4 and 5)	134,919	132,715	127,677	125,535
DEFICIT	28,734	28,734	28,083	28,083
ACCUMULATED DEFICIT, BEGINNING OF YEAR		292,184		264,101
ACCUMULATED DEFICIT, END OF YEAR (Note 7)		320,918		292,184

The accompanying notes are an integral part of this statement.

Details can be found in other sections of this volume.

⁽¹⁾ The difference between Gross and Net is revenue credited to appropriations.

August 15, 1989

GOVERNMENT OF CANADA

Statement of Assets and Liabilities
as at March 31, 1989
(in millions of dollars)

	1989	1988	Net increase or decrease (—)
FINANCIAL ASSETS			
<i>LOANS, INVESTMENTS AND ADVANCES, Table 6.1, Section 6—</i>			
Crown corporations (Notes 8 and 17)—			
Lending institutions—			
Canada Deposit Insurance Corporation	1,695	1,334	361
Canada Mortgage and Housing Corporation	8,904	9,177	-273
Export Development Corporation	697	722	-25
Farm Credit Corporation	3,472	3,702	-230
Federal Business Development Bank	294	294	
	<i>15,062</i>	<i>15,229</i>	<i>-167</i>
All other Crown corporations ^[1] —			
Atomic Energy of Canada Limited	669	690	-21
Canada Development Investment Corporation	396	396	
Canadian National Railway Company	2,452	2,464	-12
Petro-Canada	4,299	4,299	
Other	370	193	177
	<i>8,186</i>	<i>8,042</i>	<i>144</i>
Less: allowance for valuation	4,400	3,400	1,000
Total Crown corporations	18,848	19,871	-1,023
Other loans, investments and advances—			
Provincial and territorial governments	883	911	-28
National governments including developing countries (Note 9)	4,191	4,323	-132
International organizations (Note 9)	4,621	4,564	57
Less: notes payable	1,907	1,874	33
	<i>2,714</i>	<i>2,690</i>	<i>24</i>
Veterans' Land Act Fund advances less allowance for conditional benefits	91	111	-20
Joint and mixed enterprises ^[1]	629	665	-36
Miscellaneous	843	909	-66
	<i>9,351</i>	<i>9,609</i>	<i>-258</i>
Less: allowance for valuation	5,800	6,000	-200
Total other loans, investments and advances	3,551	3,609	-58
TOTAL LOANS, INVESTMENTS AND ADVANCES	22,399	23,480	-1,081
<i>FOREIGN EXCHANGE ACCOUNTS, Table 9.1, Section 9—</i>			
International reserves held in the Exchange Fund Account, Table 9.2, Section 9 (Note 10)	17,422	14,779	2,643
International Monetary Fund—Subscriptions	4,534	5,038	-504
	<i>21,956</i>	<i>19,817</i>	<i>2,139</i>
Less: International Monetary Fund—Notes payable	3,985	4,480	-495
Special Drawing Rights allocations	1,201	1,335	-134
	<i>5,186</i>	<i>5,815</i>	<i>-629</i>
TOTAL FOREIGN EXCHANGE ACCOUNTS	16,770	14,002	2,768
<i>CASH IN TRANSIT, Table 11.1, Section 11</i>	<i>1,935</i>	<i>2,322</i>	<i>-387</i>
<i>CASH, Table 11.2, Section 11</i>	<i>1,833</i>	<i>1,533</i>	<i>300</i>
TOTAL FINANCIAL ASSETS (Note 15)	42,937	41,337	1,600
FIXED ASSETS (valued at one dollar), Section 11	320,918	292,184	28,734
ACCUMULATED DEFICIT (Note 7)	320,918	292,184	28,734
TOTAL	363,855	333,521	30,334

	1989	1988	Net increase or decrease (-)
LIABILITIES			
<i>SPECIFIED PURPOSE ACCOUNTS, Table 7.1, Section 7—</i>			
Canada Pension Plan Account (Note 11)	37,603	36,021	1,582
Less: provincial and territorial government securities held by the Canada Pension Plan Investment Fund	32,058	31,245	813
	5,545	4,776	769
Superannuation accounts (Note 12)	57,913	52,088	5,825
Government Annuities Account	948	987	-39
Deposit and trust accounts	1,267	1,790	-523
Provincial tax collection agreements account	1,766	2,497	-731
Other	979	849	130
TOTAL SPECIFIED PURPOSE ACCOUNTS	68,418	62,987	5,431
<i>OTHER LIABILITIES, Table 8.1, Section 8—</i>			
Interest and matured debt	10,389	11,605	-1,216
Less: unamortized discount on Canada and Treasury bills	3,266	2,005	1,261
	7,123	9,600	-2,477
Accounts payable	9,674	6,777	2,897
Outstanding cheques and warrants	2,369	2,723	-354
Allowance for employee vacation and termination benefits	2,250	2,500	-250
Allowance for borrowings of agent Crown corporations expected to be repaid by the Government—			
Borrowings of agent Crown corporations, Table 6.10, Section 6 (Notes 8 and 13)	15,022	14,833	189
Less: borrowings expected to be repaid by these Crown corporations	14,572	14,383	189
	450	450	
Miscellaneous	214	167	47
TOTAL OTHER LIABILITIES	22,080	22,217	-137
<i>UNMATURED DEBT, Tables 10.1 and 10.10, Section 10 (Notes 3 and 14)—</i>			
Payable in Canadian currency—			
Marketable bonds	115,748	103,899	11,849
Canada savings bonds	47,756	53,323	-5,567
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund	3,005	2,492	513
Treasury bills	102,700	81,050	21,650
	269,209	240,764	28,445
Less: Government's holdings of unmatured debt	4,172	3,729	443
	265,037	237,035	28,002
Payable in foreign currencies—			
Marketable bonds	5,373	6,323	-950
Notes and loans	1,911	3,926	-2,015
Canada bills	1,131	1,045	86
	8,415	11,294	-2,879
Less: Government's holdings of unmatured debt	95	12	83
	8,320	11,282	-2,962
TOTAL UNMATURED DEBT	273,357	248,317	25,040
TOTAL (Notes 16, 17 and 18)	363,855	333,521	30,334

The accompanying notes are an integral part of this statement.

Details can be found in other sections of this volume.

⁽¹⁾ The 1988 amounts for loans and investments in Air Canada have been reclassified under joint and mixed enterprises.

August 15, 1989

Notes to the Financial Statements of the Government of Canada

1. Significant Accounting Policies

The accounting policies of the Government of Canada are based on concepts embodied in the Constitution Acts, and in the Financial Administration Act and other legislation.

i. Government of Canada as an accounting entity

For purposes of maintaining the accounts of Canada and preparing the Public Accounts, the Government of Canada is defined as all the departments named in Schedule I of the Financial Administration Act; any division or branch of the Public Service, including a commission appointed under the Inquiries Act, designated by the Governor in Council as a department for purposes of the Financial Administration Act; the staffs of the Senate, the House of Commons, and the Library of Parliament; and, any corporation named in Schedule II of the Financial Administration Act.

In accordance with the above definition, the corporations listed in Parts I and II of Schedule III of the Financial Administration Act, and those Crown corporations that are not subject to Divisions I to IV of Part X of the Financial Administration Act, are excluded from the Government of Canada as an accounting entity; therefore, their financial statements are not consolidated with those of the Government. However, the borrowings of those corporations which are agents of the Crown are recorded as a liability of the Government net of borrowings expected to be repaid directly by these corporations. The financial statements of Crown corporations are presented in Volume III of the Public Accounts.

In addition, certain accounts and funds have financial statements which are not consolidated with those of the Government, but appear separately in Volumes I and II (Part II). These accounts and funds include the Canada Pension Plan Account, superannuation accounts and other specified purpose accounts.

ii. Classification of financial transactions

The financial transactions of the Government, as recorded in the accounts of Canada and reported in the Public Accounts, are classified into budgetary, non-budgetary, foreign exchange and unmatured debt transactions.

In general terms, budgetary transactions enter into the calculation of the annual deficit or surplus and are reported on the Statement of Revenue and Expenditure and Accumulated Deficit. All other transactions lead to the acquisition or disposal of financial claims or to the creation or discharge of financial obligations, and are disclosed on the Statement of Assets and Liabilities.

For purposes of reporting, the Public Accounts uses the classification in force at the end of the year to which the report refers and amounts for the previous year are reclassified retroactively to conform to the current year's presentation.

iii. Budgetary transactions

REVENUE

Revenue consists of all tax and non-tax receipts which affect the annual deficit or surplus of the Government.

The Government generally reports revenue in the year in which it is received. Refunds of revenue are allocated to the year in which the obligations for refund, as determined by the completion of manual assessment, and commencement of the mechanical processing cycle, occur.

Revenue is reported net of refunds, and excludes amounts receivable, taxes collected on behalf of provinces and territories, and amounts credited to the Canada Pension Plan Account, superannuation accounts, other specified purpose accounts, and other liability accounts.

On the Statement of Revenue and Expenditure and Accumulated Deficit, revenue is reported both gross and net. The difference between the two is revenue credited to appropriations.

EXPENDITURE

Expenditure consists of all charges to budgetary appropriations which affect the annual deficit or surplus of the Government. In addition, expenditure may also include charges related to the provision for valuation of loans, investments and advances, the allowance for borrowings of agent Crown corporations, and accounts payable and other allowances related to statutory items and certain annual appropriations. Such charges include those for work performed, goods received, services rendered, and transfer payments made, during the year and in the supplementary period including accounts payable at year end.

Expenditure excludes amounts charged to the Canada Pension Plan Account, superannuation accounts, other specified purpose accounts, and other liability accounts.

On the Statement of Revenue and Expenditure and Accumulated Deficit, expenditure is reported both gross and net. The difference between the two is revenue credited to appropriations.

iv. Assets

Assets are defined as the financial claims acquired by the Government on outside organizations and individuals as a result of events and transactions recorded as at the closing date.

However, as a result of the Government's accounting policies described above, certain financial claims are not reported on the Statement of Assets and Liabilities. The most important of these are accounts receivable for tax and non-tax revenue.

v. *Liabilities*

Liabilities are defined as the financial obligations of the Government to outside organizations and individuals as a result of events and transactions recorded as at the closing date.

However, as a result of the Government's accounting policies described above, and in accordance with enabling legislation, actuarial liabilities arising from the indexing to the cost of living, of superannuate pensions and annuities, are not reported on the Statement of Assets and Liabilities.

vi. *Fixed assets*

The fixed assets of the Government, which include land, engineering structures and works (such as canals, harbours and roads), buildings, and machinery and equipment, are charged to budgetary expenditure at the time of acquisition or construction. Their existence, however, is acknowledged on the Statement of Assets and Liabilities by reporting them at the nominal value of \$1.

vii. *Valuation of assets and liabilities*

ASSETS

Assets are recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the estimated realizable value. In the case of loans to sovereign states, no reduction in value is recorded unless a sovereign state has formally repudiated its debts. In addition, the allowance for valuation reflects reductions from the recorded value of loans (and subscriptions to international organizations that make similar loans) with significant concessionary terms.

The Government's gold reserves are included in the International reserves held in the Exchange Fund Account and are recorded and valued at 35 Special Drawing Rights per fine ounce. The Special Drawing Right is an international currency created by the International Monetary Fund, and allocated to countries participating in its Special Drawing Rights Department. It represents a unit of account defined in terms of a "basket" of five major currencies.

LIABILITIES

Liabilities are recorded at the amounts ultimately payable and liabilities for termination benefits, the superannuation plans with the exception of indexing, and the Government Annuities Account, are valued on an actuarial basis. For the basic superannuation accounts actuarial deficiencies are amortized, surpluses are not.

viii. *Translation of foreign currency transactions*

Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates.

Assets and liabilities resulting from foreign currency transactions are, in turn, reported at year-end closing rates of exchange; net gains are credited to revenue, while net losses are charged to expenditure.

2. *Authorities for Transactions*

Taxes can be raised and moneys can be borrowed only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the Consolidated Revenue Fund (CRF). All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament.

i. *Authority for spending on operations*

Parliament provides authority to make payments out of the Consolidated Revenue Fund in annual appropriation acts and other statutes (the latter referred to as statutory appropriations). Most Government spending is under statutory authorities, that is authorities which do not generally impose an annual limit on the amount that may be spent. Spending is authorized by reference to statutory formulae or criteria and the authorities usually continue from year to year until changed or rescinded by an act of Parliament. Spending authority provided by statutory appropriations is for specified purposes and for such amounts and such time as the acts prescribe. Spending authority provided by statutory appropriations generally does not lapse at the end of the year in which it was granted. Spending authority granted in appropriation acts is for stated purposes and maximum amounts. Unless provided for in vote wording, unused spending authority granted in appropriation acts lapses at the end of the year for which it was granted. Some authorities continue from year to year and some authorize the respending, within a program, of defined categories of revenue generated by the program.

ii. *Authority for loans, investments and advances*

These authorities limit the amount of loans, investments or advances that may be made. Unused authority may lapse at the end of a year or may continue from year to year. Non-lapsing authorities often limit only the total of loans that may be outstanding at any one time; thus principal repaid may be reloaned.

iii. *Borrowing authority*

The Government can borrow only as authorized by acts of Parliament. Borrowing authority acts provide authority for the net amount of new security issues less redemptions during a fiscal year. The authorities lapse at the end of the year except for amounts specifically carried forward to the next fiscal year. Parliament has also provided a continuing authority to the Government under Section 47 of the Financial Administration Act to borrow, for periods not exceeding six months, such amounts as are deemed necessary to meet lawfully authorized disbursements.

Crown corporations (corporations wholly owned by the Crown) that are agents of Her Majesty also may borrow only as authorized by acts of Parliament. Such acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations can borrow without specific parliamentary authority. Non-agent borrowings are sometimes guaranteed by the Government with the authority of Parliament.

3. Spending and Borrowing Authorities

i. Source and disposition of spending authorities

The following table summarizes the authorities made available by Parliament and used by the Government for expenditure (operations) and loans, investments and advances.

	(in millions of dollars)			
	1989		1988	
	Expenditure (budgetary)	Loans, investments and advances (non-budgetary)	Expenditure (budgetary)	Loans, investments and advances (non-budgetary)
Authorities available for use— including those from previous years	125,273	30,418	118,258	30,103
Used in the current year	122,064	1,035	115,110	928
Lapsed	2,187	84	2,103	125
Overexpended	(33)		(96)	
Available for use in subsequent years	1,055	29,299	1,141	29,050

Details can be found in Tables 1 and 2, Section 1 of Volume II (Part I) of the Public Accounts.

ii. Overexpenditure of spending authority

The following votes were overexpended. Most of the amounts overexpended represented debts incurred but not paid at the fiscal year end. In the subsequent fiscal year, spending authority for each equivalent appropriation is reduced by the amount of those debts.

	(in millions of dollars)
	1989
Justice	
Vote 35 - Offices of the Information and Privacy Commissioners of Canada	11
Labour	
Vote 10 - Canada Labour Relations Board	11
National Defence	
Vote 1 - Operations	33
	33

Details can be found in the ministerial sections of Volume II (Part I) of the Public Accounts.

⁽¹⁾ Less than \$500,000.

iii. Borrowing authorities

The following table shows the borrowing authorities available and the use of such authorities reconciled to the change in unmatured debt as reported on the Statement of Assets and Liabilities.

	(in millions of dollars)							
	1989				1988			
	Available	Used	Lapsed	Available for use in subsequent years	Available	Used	Lapsed	Available for use in subsequent years
Authorities which impose a ceiling through borrowing authority acts	26,225	25,575		650	25,400	21,979	2,496	925
Section 47 of the Financial Administration Act ⁽¹⁾	750	685	65					
Total	26,975	26,260	65	650	25,400	21,979	2,496	925
Net increase in unmatured debt		25,040				21,502		
Net change in matured Canada savings bonds not yet redeemed		88				-93		
Change in internal holding of Government debt excluding Canada Pension Plan		12				370		
Foreign currency adjustments		1,120				200		
Total use of borrowing authorities		26,260				21,979		

⁽¹⁾ Authorizes the Government to borrow, for a fixed period not exceeding six months, amounts necessary to ensure that the Consolidated Revenue Fund will be sufficient to meet lawfully authorized disbursements.

4. Tax Revenue

i. Refundable tax credits

Entitlements to refundable tax credits are claimed on personal and corporate income tax returns. Claims are settled either by reducing the tax liability for the year or, if no liability exists, by issuing a "refund" cheque. In either case, income tax revenues are reduced, even where no tax had been paid. Had the tax reductions and direct payments due to child tax credits been reported as expenditures, gross total expenditure and personal tax revenue would have increased respectively by \$1,598 million (\$1,640 million in 1988). Likewise, had the tax reductions and direct payments due to the sales tax credit been reported as expenditures, gross total expenditure and personal tax revenue would have increased respectively by \$286 million (\$300 million in 1988). Finally, had the tax reductions due to the investment tax credit been reported as expenditures, gross total expenditure and personal and corporate tax revenue would have increased respectively by \$160 million.

ii. Tax refunds

As stated in Note 1 (iii), tax revenue is reported after deducting refunds paid. Prior to 1989, the refunds were allocated to specific fiscal years generally on the basis of the cheque date. In 1989, the allocation is based on when the obligations for refunds, as determined by the completion of manual assessment and commencement of the mechanical processing cycle, occurs. The effect of this change in allocation in 1989 is a reduction of tax revenue in the amount of \$800 million, a decrease in the provincial tax collection agreements account in the amount of \$300 million with a corresponding increase in accounts payable in the amount of \$1.1 billion.

5. Presentation of Expenditure by Standard Object

Expenditure on the Statement of Revenue and Expenditure and Accumulated Deficit is reported by standard object in the following table:

		(in millions of dollars)	
		1989	1988
(1)	Personnel	15,192	14,343
(2)	Transportation and communications	1,640	1,498
(3)	Information	234	309
(4)	Professional and special services	2,142	1,856
(5)	Rentals	831	783
(6)	Purchased repair and maintenance	1,206	1,140
(7)	Utilities, materials and supplies	2,305	2,263
(8)	Construction and/or acquisition of land, buildings and works	884	857
(9)	Construction and/or acquisition of machinery and equipment	3,293	3,317
(10)	Transfer payments	67,206	64,778
(11)	Public debt charges	33,183	29,028
(12)	Other subsidies and payments	6,803	7,505
	Total gross expenditure	134,919	127,677
(13)	Less: revenue credited to the votes	2,204	2,142
	Total net expenditure	132,715	125,535

Details can be found in Table 5, Section 1 of Volume II (Part I) of the Public Accounts.

6. Transfer Payments

The Government makes transfer payments to individuals, other levels of government, enterprises and non-profit institutions, and international organizations and foreign countries.

Payments to persons essentially constitute an income security framework. Individuals are provided with assistance because of their age (Old Age Security and Family Allowance), because they are temporarily unemployed (Unemployment Insurance), or for other specific purposes.

Payments to other levels of government encompass numerous transfer programs operated by the federal Government under various statutory authorities. The programs are both general and specific in purpose, and include equalization payments and payments for health care, education, and grants in lieu of taxes.

Payments to enterprises include agricultural subsidies for freight, grain storage, oil and gas subsidies for offshore development, incentives, oil import compensation, and freight rate subsidies to railway and transportation companies under various statutory acts.

Payments are made to international organizations that provide development assistance, military protection, and satellite communications. Payments to foreign countries are for official development assistance in the purchase of goods and services. As well, food aid payments are made to international institutions for the benefit of recipients in developing countries.

Payments to non-profit institutions are to universities in aid of research, to non-profit organizations for research and development, and to various national organizations.

The following table presents a summary of transfer payments by class of recipient:

	(in millions of dollars)	
	1989	1988
Persons	35,553	34,927
Provinces, territories and municipalities	24,326	22,595
Subsidies and capital assistance to enterprises	2,827	2,849
International organizations and foreign countries	2,796	2,602
Non-profit institutions and organizations	1,704	1,805
Total	67,206	64,778

Details can be found in Tables 4.5 and 4.6 in Section 4 of this volume and in Section 7 of Volume II (Part II) of the Public Accounts.

7. Accumulated Deficit

In accordance with its stated accounting policies, revenues and expenditures of certain specified purpose accounts are included in the revenue and expenditure of the Government. However, enabling legislation requires that such revenues be earmarked and that related payments be charged against such revenue. Any deficiency of payments over revenue must, in accordance with enabling legislation, be met through future revenue of these specified purpose accounts. The table below presents the balances of these accounts included in the accumulated deficit:

	(in millions of dollars)	
	1989	1988
Accumulated deficit excluding consolidated specified purpose accounts	322,249	291,746
Unemployment Insurance Account	27	2,189
Canadian Ownership Account	-3,565	-3,565
Western Grain Stabilization Account	1,410	1,514
Crop Reinsurance Fund	35	75
Agriculture Commodities Stabilization Accounts	-94	-184
Accrued expenditure of the Crop Reinsurance Fund	347	3
Accrued expenditure of the Unemployment Insurance Account	509	406
Other specified purpose accounts	(11)	(11)
	-1,331	438
Accumulated deficit	320,918	292,184

Details of consolidated specified purpose accounts can be found in Section 5 of this volume.

(11) Less than \$500,000.

8. Crown Corporations

As disclosed in Note 1(i), the assets, liabilities, revenues and expenses reported in the separate financial statements of Crown corporations are not included in the Government's financial statements. Only the financial transactions between the Government and Crown corporations are included.

In November 1988, the Public Sector Accounting and Auditing Committee (PSAAC) of the Canadian Institute of Chartered Accountants issued a Statement defining the government reporting entity. The Statement recommends that the reporting entity include all organizations that are owned or controlled by governments and accountable to the legislature.

The organizations are classified as being enterprise or non-enterprise, and a different accounting basis is followed for each type of activity. Enterprises are those organizations that sell goods and services to individuals and non-government enterprises as their principal activity and source of revenue.

Enterprise activities are accounted for by the modified equity method of accounting under which the investment in the enterprise is recorded at cost and the carrying value is adjusted annually to recognize the Government's share of the net income or loss of the enterprise. This share of net income or loss is included in revenues or expenditures of the Government. The basis of accounting used by the enterprise is maintained in reporting their results.

Non-enterprise corporations rely on Government as their principal source of revenue and therefore, their activities are consolidated. Under consolidation, the accounting policies of the corporations are adjusted to the Government's stated accounting policies.

Most Crown corporations follow generally accepted accounting principles (GAAP) used by private sector companies. The most significant difference between GAAP and the Government's basis

of accounting is that under GAAP, non-financial assets such as buildings, machinery, equipment and inventories are reflected as assets and written off over their respective lives or as they are consumed or used. The Government treats the acquisition of non-financial assets as expenditures in the year of acquisition. A further difference is that the Government does not accrue revenue.

The following tables summarize total Government assets, liabilities, revenue and expenditure on the existing unconsolidated basis and their restatement to show the effects of retroactive adoption of the PSAAC recommendations.

For those Crown corporations whose year end is March 31, the data are based on audited financial statements. For those corporations having other year ends, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with their most recent audited financial statements.

Further details of the application of this basis of accounting may be found in Section 6 of this volume.

i. Condensed Statement of Assets and Liabilities

	(in millions of dollars)			
	1989		1988	
	As reported	As recommended in PSAAC Statement 4	As reported	As recommended in PSAAC Statement 4
FINANCIAL ASSETS				
Enterprise corporations	18,848	23,904	19,871	23,570
Other loans, investments and advances	3,551	3,222	3,609	3,609
Other financial assets	20,538	21,554	17,857	18,750
Total financial assets	42,937	48,680	41,337	45,929
Accumulated deficit	320,918	315,446	292,184	287,801
Total	363,855	364,126	333,521	333,730
LIABILITIES				
Specified purpose accounts	68,418	68,411	62,987	62,977
Other liabilities	22,080	22,420	22,217	22,491
Unmatured debt	273,357	273,295	248,317	248,262
Total liabilities	363,855	364,126	333,521	333,730
Contingent liabilities	9,241	9,850	8,625	9,333

ii. Condensed Statement of Revenue and Expenditure and Accumulated Deficit

	(in millions of dollars)			
	1989		1988	
	As reported	As recommended in PSAAC Statement 4	As reported	As recommended in PSAAC Statement 4
Revenue	106,185	107,295	99,594	99,910
Expenditure	134,919	134,940	127,677	127,570
Deficit for the year	28,734	27,645	28,083	27,660
Accumulated deficit beginning of the year	292,184	287,801	264,101	260,141
Accumulated deficit end of the year	320,918	315,446	292,184	287,801

9. International Development Assistance—Loans and Subscriptions

i. Loans to developing countries

Included in loans to National governments of \$4,191 million (\$4,323 million in 1988) are loans to developing countries of \$3,048 million (\$3,163 million in 1988). These loans arise from agreements signed with developing countries before April 1, 1986, are part of Canada's international development assistance program and are either interest-free or bear interest at rates that were more favourable than those prevailing in Canada at the time the assistance was provided. All loans disbursed after April 1, 1986 have been treated as budgetary expenditures. The balances outstanding at March 31, grouped by term, are:

Original term	Grace period before repayment commences	Interest rate	(in millions of dollars)	
			1989	1988
17 years	7 years	*	1	1
20 years	5 years	5%	27	30
25 years	5 years	6%	1	1
30 years	7 years	3%	167	174
35 years	5 years	*	2	2
40 years	10 years	*	1	1
50 years	10 years	*	2,799	2,903
53 years ⁽¹⁾	13 years	*	42	43
55 years ⁽¹⁾	15 years	*	8	8
			3,048	3,163

* Interest-free.

⁽¹⁾ Rescheduled loans.

These loans, by their terms, confer financial benefits on the recipients and have been fully provided for in the allowance for valuation. Details can be found in Section 6 of this volume.

ii. Subscriptions and loans to international organizations

Included in loans, investments and advances--International organizations of \$4,621 million (\$4,564 million in 1988) are subscriptions to the capital of the International Development Association and loans to other international financial institutions of \$4,014 million (\$3,981 million in 1988) which are also part of Canada's development assistance program. These institutions make loans to developing countries on terms similar to those described in sub-section i. Subscriptions to international organizations do not provide a return on investment but are repayable on termination of the organization or on withdrawal therefrom. Details, including Canada's agreement for future subscriptions, can be found in Section 6 of this volume.

Loans, investments and advances--International organizations are presented net after deduction of notes payable of

\$1,907 million (\$1,874 million in 1988), including \$1,852 million (\$1,806 million in 1988) of notes payable to the aforementioned Association and institutions. The notes are non-interest bearing, are non-negotiable, but are payable on demand, although they are normally encashed over periods of up to seven years, according to the financial requirements of the institutions.

Included in the allowance for valuation is an amount of \$2,162 million (\$2,175 million in 1988) equal to the net position of the Government vis-à-vis these institutions.

10. Gold

Included in International reserves held in the Exchange Fund Account of \$17,422 million (\$14,779 million in 1988) are Canada's gold holdings of 17,018 million fine ounces with a recorded value of \$919 million (18,397 million fine ounces with a recorded value of \$1,104 million in 1988).

Gold is valued at the Canadian dollar equivalent of 35 Special Drawing Rights (SDRs) per fine ounce, which approximates its cost in foreign currency terms. At March 31, 1989, the Canadian dollar equivalent of 35 SDRs was \$53.95 per fine ounce (\$59.96 per fine ounce in 1988). The SDR is a unit of account used by the International Monetary Fund and is valued in terms of a "basket" of five major currencies.

Alternative bases of valuation could be used to value gold. On a market value basis (\$456.97 per fine ounce in 1989, \$564.29 in 1988), the recorded value would have been \$7,777 million (\$10,381 million in 1988). On the basis of estimated average cost in Canadian dollars at historical rates of exchange \$36.91 per fine ounce in both 1989 and 1988, the recorded value would have been \$628 million (\$679 million in 1988). Further details can be found in the financial statements of the Exchange Fund Account, included in Section 9 of this volume.

11. Canada Pension Plan

Under existing legislation, benefits and costs incurred in the administration of the Canada Pension Plan are financed from contributions from employees, employers and self-employed persons, and from interest from the investment of contributions not immediately needed for benefits and costs. Although the Canada Pension Plan was established under federal legislation, the Plan is under the joint control of the Government and the provinces. Any province or group of provinces having 1/3 of the population of Canada can veto any amendment to the Canada Pension Plan that affects the level of contributions or benefits. The Government's authority to pay benefits under the Plan is limited to the balance in the Canada Pension Plan Account which was \$37,603 million at March 31, 1989. Therefore, in accordance with the accounting policies of the Government, the revenues and expenditures of the Plan have not been reported with those of the Government.

In 1989, revenues of the Canada Pension Plan Account were \$10.2 billion (\$9.3 billion in 1988) and expenditures were \$8.6

billion (\$7.5 billion in 1988). The balance of the Canada Pension Plan Account is \$37.6 billion at March 31, 1989 (\$36 billion at March 31, 1988). Funds in excess of estimated current operating requirements (\$35.1 billion at March 31, 1989; \$33.7 billion at March 31, 1988) are available for investments in securities of the provinces, territories and of the Government, on the basis of contributions from the jurisdiction to total contributions to the Account.

A long-term funding objective of approximately two years of benefits has been set for the Plan by the establishment of a 25 year schedule of contribution rates starting January 1, 1987. The first 5 years require an annual .2 percentage points shared increase to the initial employer-employee contribution rate of 3.6% of contributory earnings. Contribution rates for the 20 subsequent years involve shared increases of .15 percentage points and are subject to quinquennial federal-provincial reviews. The financial statements of the Account are reproduced in Section 7 of this volume.

12. Superannuation Accounts

The Government sponsors defined benefit pension plans for substantially all its full-time employees, principally members of the Public Service, the Canadian Forces and the Royal Canadian Mounted Police (RCMP). Basic pensions, which are mostly based on the best 6 years average earnings and are accrued at the rate of 2 percent of average salary per year of service, are provided under the authority of the Public Service Superannuation Act, the Canadian Forces Superannuation Act and the RCMP Superannuation Act, respectively. Benefits are limited, the maximum being seventy percent of final average earnings. Basic pensions are annually (on January 1) indexed to the cost of living under authority of the Supplementary Retirement Benefits Act.

The Public Service Superannuation Act also covers the employees of certain Crown corporations, agencies and other institutions. The pension obligations of these entities are limited to matching their employees' contributions; any actuarial deficiency is borne by the Government.

The employee contribution for these basic benefits is six and one half percent of pay, less contributions to the Canada or Quebec Pension Plan. In addition, employees contribute 1% of pay towards indexing. For basic benefits, the employer matches the prior year's employee contributions for members of the Public Service, and contributes 1.8 and 2 times current year's contributions for members of the Canadian Forces and the Royal Canadian Mounted Police respectively. Indexation contributions are matched.

Contributions are credited to the superannuation accounts. The basic superannuation accounts earn interest at rates that are based on the Government of Canada long-term bond rates. The interest rate earned by the basic accounts was about 11% in both 1989 and 1988. The indexation account is credited with interest based on five year Government of Canada bond rates. The rate in 1989 was 9.6% (9.2% in 1988).

All benefit payments are charged to the superannuation accounts, except for certain indexing benefits in the cases where retirees have exhausted their credits in the Supplementary Retirement Benefits Account. In such cases, indexing benefits are charged directly to expenditure.

Pension obligations exist with respect to several other pension plans, the most significant of which cover all members of Parliament and federally appointed judges.

It has been estimated that if the liabilities for all the superannuation plans were determined on an actuarial basis, the net reported liabilities and accumulated deficit could increase by anywhere from \$850 million to \$6 billion. These estimates incorporate, initially, the effects of current rates of interest credited to the superannuation accounts and other current economic assumptions. These economic assumptions are blended gradually into long-term economic assumptions which in the case of the \$850 million estimate are: interest on new funds of 4.5%, general wage increases of 2.5% and an inflation rate of 2%. In the case of the \$6 billion estimate, the economic assumptions are: interest on new funds of 6%, general wage increases of 5% and an inflation rate of 3.5%. In both instances, the assumed fund yield has been reduced by 1% over the medium term to provide a margin to take into account possible adverse economic experience.

As can be observed, variations in economic assumptions can have a significant impact on the estimate of unrecorded liabilities.

The following table discloses pension and related interest costs charged to expenditure in 1988-89.

	(in millions of dollars)				
	Public Service	Canadian Forces	Royal Canadian Mounted Police	1989 Total	1988 Total
Employer contributions	513	283	107	903	871
Indexation benefits charged directly to expenditure	528	344	27	899	839
Amortization of actuarial deficiencies					4 ⁽¹⁾
Interest credited to Accounts	3,372	2,047	329	5,748 ⁽¹⁾	5,160 ⁽¹⁾
	4,413	2,674	463	7,550	6,874

⁽¹⁾ Interest on pension accounts is stated, where applicable, net of amortization of actuarial deficiencies. Interest charged to the public debt represents the total of the two amounts.

Details of the Accounts are reproduced in Section 7 of this volume.

13. Borrowings of Agent Crown Corporations

Included in borrowings of agent Crown corporations of \$15 billion (\$14.8 billion in 1988) are the borrowings of the Canadian Wheat Board (CWB) of \$3.8 billion (\$3.8 billion in 1988).

Approximately \$3.7 billion of the borrowings of the CWB have been incurred to finance credit grain sales to various countries. Terms of the credit grain sales call for payment in full within 36 months or less from the time of shipment. Certain countries have not been able to meet their obligations as they have come due and have found it necessary to renegotiate repayment terms including rescheduling both principal and interest payments. Of the \$3.2 billion owed to the CWB by countries experiencing repayment difficulties, approximately \$2.2 billion in principal and interest payments has been rescheduled.

It should be noted that, for such loans to sovereign borrowers, payment delays are not necessarily indicative of a future loss requiring an allowance. Sovereign entities and their international financial obligations do not have commercial mortality and the international system provides several mechanisms and institutions through which countries facing repayment difficulties can effect remedial measures in agreement with their creditors.

Therefore, the Government, as guarantor of CWB's borrowings to finance credit grain sales, has made no valuation allowance in its financial statements.

14. Unmatured Debt

The following table presents interest rates and maturity of debt issues by currency and type at face value.

Maturing date(s)	(in millions of dollars)							
	Marketable bonds		Canada savings bonds ⁽¹⁾	Canada Pension Plan non-marketable bonds	Treasury bills	Notes and loans	Canada bills	Total
	Canadian	Foreign currencies expressed in Canadian \$				Foreign currencies expressed in Canadian \$	Foreign currencies expressed in Canadian \$	
1990	10,025	662	4,423	4	102,700	1,020	1,131	119,965
1991	10,650	489	4,598	6		143		15,886
1992	9,905		5,203	7				15,115
1993	10,023	807	6,637	7		29		17,503
1994	11,090	682	4,308	8		719		16,807
1995/99	29,117	2,734	22,586	53				54,490
2000/04	15,437			93				15,530
Subsequent	19,500			2,828				22,328
	115,747	5,374	47,755	3,006	102,700	1,911	1,131	277,624
Less: Government holdings of unmatured debt	16	95	1,150	3,006				4,267
	115,731	5,279	46,605		102,700	1,911	1,131	273,357
Effective average annual interest rate	10.74	7.8	10.5	10.03	11.3	8.73	9.41	10.51
Range of interest rates	3-18	4.375-10.125	9-10.5	6.75-17.51	8.63-12.88	5.625-12.5	6.21-9.97	3-18

⁽¹⁾ Canada savings bonds are redeemable on demand.

Foreign currency amounts are translated to the Canadian dollar equivalent at year end. At year end, foreign currency borrowings included the following:

Currency	(in millions of dollars)		
	1989	1989	1988
	Face value	Canadian \$ equivalent	Canadian \$ equivalent
United States dollars	4,390	5,234	6,361
Deutsche marks	200	126	149
Swiss francs	700	502	861
Japanese yen ⁽¹⁾		2,553	3,923
		8,415	11,294

⁽¹⁾ The 1989 and 1988 Canadian \$ equivalent is comprised of the conversion of Yen debt 140,000 million and 1,086 million U.S. dollar swap risks.

Substantially all the debt of the Government is issued at fixed rates. The Government has interest rate swap agreements expiring between 1989 and 1995 on U.S. \$1,900 million in notional principal. The Government has assumed a variable interest rate determined by the London Inter-bank Offered Rate (LIBOR) market against a weighted average 10.58% fixed interest rate position assumed by third parties.

The Government has also entered into currency swap agreements expiring between 1991 and 1993 which have the effect of converting future exchange fluctuation risks of Yen debt totalling 180,000 million Yen to U.S. dollar risks totalling \$1,086 million.

The Government has also entered into domestic interest rate swap agreements expiring between 1991 and 2004 on \$1,550 million in notional principal. The interest rate on these agreements is tied to the three-month Bankers' acceptance rate and quantified quarterly.

The proceeds of Canada's borrowings in foreign currency have been advanced to the Exchange Fund Account. Interest on all swap transactions is recorded in a consistent manner in the financial statements.

15. Accounts Receivable

Non-tax accounts receivable including amounts receivable to be credited to votes represent billed but uncollected and/or unbilled and accrued financial claims arising from amounts owed to the Government for use of its assets or for services rendered as of the accounting date. Non-tax accounts receivable of the Government as at March 31, 1989, amounted to approximately \$2.4 billion (approximately \$2.1 billion in 1988) net of an allowance for doubtful accounts. Details of accounts receivable can be found in Section 4 of Volume II (Part II) of the Public Accounts.

16. Contractual Commitments

A contractual commitment represents a written obligation to outside organizations or individuals as a result of a contract. The nature of the Government's activities requires it to enter into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. Major capital assets of the Government are either purchased outright or leased. Where a lease transfers substantially all of the benefits and risks incidental to ownership of the property to the lessee it is considered a capital lease. All other leases are classified as operating leases. Contractual commitments can be classified into four categories: fixed assets, purchases, operating leases and capital leases.

All contractual commitments of \$100 million or more per project are reported in the case of fixed assets, purchases and operating leases. In the case of capital leases, all capital lease arrangements with total minimum lease payments remaining at year end in excess of \$1 million per contract are reported.

The following amounts represent contractual commitments at March 31, 1989 which will result in substantial outlays in future years.

i. Fixed assets, purchases and operating leases

	(in millions of dollars)			
	1989		1988 ⁽¹⁾	
	Total estimated cost	Out- standing commit- ment	Total estimated cost	Out- standing commit- ment
Fixed assets	18,112	5,629	18,674	6,482
Purchases	840	108	1,009	251
Operating leases	(2)			
Total	18,952	5,737	19,683	6,733
Outstanding commitment by year:				
1990		1,656		1,484
1991		1,465		1,797
1992		878		1,282
1993		517		745
1994		345		531
1995/99		876		894
		5,737		6,733

Details can be found in Section 11 of this volume.

⁽¹⁾ Figures for 1988 are for one year increments for 1989 to 1993 and for increments of 5 years for 1994 to 1998.

⁽²⁾ Less than \$100 million.

ii. Capital leases

	(in millions of dollars)	
	1989	1988 ⁽¹⁾
Scheduled minimum lease payments to be made in:		
1990	67	57
1991	66	58
1992	64	56
1993	64	53
1994	64	53
1995/99	318	267
2000/04	318	267
2005/09	328	282
2010/14	311	281
2015/19	181	108
2020/24	72	62
Total commitments under capital lease arrangements (minimum lease payments)	1,853	1,544
Less: imputed interest	1,306	1,075
executory costs	2	3
Net commitments under capital lease arrangements	545	466

Details can be found in Section 11 of this volume.

⁽¹⁾ Figures for 1988 are for one year increments for 1989 to 1993 and for increments of 5 years for 1994 to 2023.

17. Insurance Programs

Three Crown corporations operate insurance programs as agents of Her Majesty. The insurance programs are intended to operate on a self-sustaining basis but in the event that such corporations do not have sufficient funds to meet their obligations, the Government provides the required financing through appropriations, either budgetary or non-budgetary. The Government is of the opinion that no allowance need be established in its financial statements for these insurance programs.

The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits with member banks and trust and loan companies for up to \$60,000 per depositor per institution. Total insured deposits at March 31, 1989 were \$245,123 million (\$211,755 million at March 31, 1988). The CDIC registered a profit for the twelve month period ended March 31, 1989 of \$74 million (\$133 million in 1988). The deficiency of the CDIC's Deposit Insurance Fund at March 31, 1989 was \$1,062 million (\$1,136 million at March 31, 1988). The deficiency has been funded in part by loans from the Government of \$1,695 million at March 31, 1989 (\$1,334 million at March 31, 1988). Amendments to the CDIC Act effective June 30, 1987, allow for premium levels to be set by the Governor in Council, at amounts not to exceed 1/6 of 1% of insured deposits. Other amendments allow for premium surcharges in risk situations and raise the loan limits from the Consolidated Revenue Fund from \$1.5 billion to \$3 billion. The Government is of the opinion that, based on current information, this restructuring will allow CDIC, over time, to eliminate its deficiency without budgetary support from the Government.

The Canada Mortgage and Housing Corporation administers the Mortgage Insurance Fund (MIF). The MIF provides insurance for mortgage lending on Canadian housing by private institutions. Insurance in force at March 31, 1989 was \$45,600 million (\$42,800 million at March 31, 1988). The MIF had income for the year ended March 31, 1989 of \$179 million (\$157 million in 1988). The deficiency of the MIF at March 31, 1989 was \$82 million (\$261 million at March 31, 1988). Budgetary financial assistance is provided by the Government only to the extent that internally generated funds are insufficient to support cash outflows. In this regard, the MIF's recent excess of receipts over disbursements has resulted in investments in securities of \$511 million at March 31, 1989 (\$343 million in 1988).

The Export Development Corporation provides export and foreign investment insurance for the purpose of facilitating and developing export trade. Insurance in force at March 31, 1989 was \$3,496 million (\$3,160 million in 1988). The Corporation's premium revenues have been adequate to provide for the full costs of claims experienced to date and to establish an allowance for possible future claims based on past claims experience.

This information has not been audited since the information provided is derived from interim financial statements of the three corporations. The most recent annual financial statements of these corporations and their insurance funds can be found in Volume III of the Public Accounts. Details of the transactions for these three insurance programs for the year ended March 31, 1989 can be found in Section 11 of this volume.

18. Contingent Liabilities of the Government of Canada

A contingent liability is a potential liability which may become an actual liability when one or more future events occurs or fails to occur. The contingent liabilities of the Government consist of explicit guarantees and potential losses arising from pending and threatened litigation relating to claims and assessments in respect of breach of contract, damages to persons and property, and like items.

The Government has 6 comprehensive native land claims under negotiation which is the maximum number that may be negotiated at any one time. An additional 19 comprehensive native claims have been validated and are awaiting negotiation. A total of 78 specific native claims were also at various stages of the negotiation process as at March 31, 1989. A further 156 specific claims were under review to determine their acceptability for negotiation pursuant to the provisions of the policy on specific claims. The amount of claims for land, financial and other benefits cannot be determined, therefore no amount for such claims is included in contingent liabilities. Failure to reach an acceptable agreement could lead to future litigation cases which would then be reported as contingent liabilities.

The contingent liabilities of the Government as at March 31, 1989 amounted to \$9,241 million and are summarized in the following table:

	(in millions of dollars)	
	1989	1988
i) Explicit guarantees by the Government:		
Borrowings by non-agent Crown corporations	11	
Borrowings by other than Crown corporations	4,902	4,409
Insurance programs of the Government	1,427	1,396
Other explicit guarantees ⁽²⁾	161	286
ii) Pending and threatened litigation ⁽³⁾	2,751	2,534
	9,241	8,625

Details can be found in Section 11 of this volume.

⁽¹⁾ Less than \$500,000.

⁽²⁾ A letter of comfort has been issued with respect to credit grain sales by the Canadian Wheat Board. The letter states that the Government will assume responsibility for the liabilities arising from defaults in payment by countries purchasing Canadian grain on credit. Receivables under this guarantee amounted to approximately \$3.7 billion at March 31, 1989.

⁽³⁾ Includes \$1.5 billion (\$1.6 billion in 1988) related to native statutory and treaty obligations. This amount represents plaintiffs' claims in 60 (54 in 1988) litigation cases. There are another 120 (89 in 1988) similar cases, for which amounts are not stated in the claims, and for which it is not possible to determine the amounts of contingent liabilities.



OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

I have examined the statement of assets and liabilities of the Government of Canada as at March 31, 1989 and the statement of revenue and expenditure and accumulated deficit and the statement of transactions for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary to enable me to report as required by Section 6 of the Auditor General Act.

In my opinion, these financial statements present information in accordance with the stated accounting policies of the Government of Canada as set out in Note 1 to the financial statements applied, except for the change in allocation of tax refunds described in Note 4(ii), on a basis consistent with that of the preceding year. However, in my opinion, because of the stated accounting policies that I consider inappropriate as outlined in Reservations 1, 2 and 3, these financial statements do not present fairly the financial position of the Government as at March 31, 1989 and the results of its operations and its financial requirements for the year then ended.

Reservation 1: Failure to Provide for Crown Corporation Borrowings

In accordance with the accounting policy stated in Note 1(vii), amounts receivable from sovereign states are not reduced in value unless a state has formally repudiated its debts. The Government has used this accounting policy in determining whether assets of agent Crown corporations have sufficient value to repay corporate borrowings. If borrowings exceed a corporation's ability to repay, a liability is recorded by the Government under the accounting policy in Note 1(i). The purpose of this policy is to recognize corporate borrowings that the Government will likely have to repay.

As described in Note 13, the Canadian Wheat Board, an agent Crown corporation, has borrowed \$3.7 billion mainly to finance accounts receivable from sales of grain. The receivables include \$3.2 billion from countries that are experiencing difficulties in repaying their debts. In my view, the value of these receivables has been impaired by at least \$1.5 billion, putting the Government at risk for at least this amount. However, application of the accounting policy stated in Note 1(vii) does not result in this risk being recognized because the countries that owe money to the Board have not formally repudiated their debts.

I believe that an appropriate allowance for Canadian Wheat Board borrowings should be recorded by the Government. If this were done, reported liabilities and accumulated deficit would be increased by at least \$1.5 billion (\$1.3 billion in 1988).

Reservation 2: Failure to Include Crown Corporations in the Government Reporting Entity

As described in Note 1(i), the assets, liabilities, revenues and expenditures reported in the separate financial statements of Crown corporations are excluded from the figures shown on the face of the accompanying statements of assets and liabilities, revenue and expenditure and accumulated deficit, and transactions of the Government of Canada. As a result, the Government's financial statements do not provide a comprehensive and complete summary of the full nature and extent of the financial affairs and resources for which the Government is responsible.

In November 1988, the Canadian Institute of Chartered Accountants' Public Sector Accounting and Auditing Committee (PSAAC) issued Accounting Statement 4, "Defining the Government Reporting Entity". This Statement recommended an approach to accounting for government organizations that, if implemented, would make the Government's financial statements more comprehensive and complete. Note 8 gives a condensed presentation of the Government's financial statements prepared in this manner.

If the Government's financial statements were prepared as recommended in PSAAC's Accounting Statement 4, the following adjustments would be required:

	Increase (decrease) in billions of dollars	
	1989	1988
Financial assets	5.8	4.6
Liabilities	0.3	0.2
Accumulated deficit	(5.5)	(4.4)
Revenue	1.1	0.3
Expenditure	-	(0.1)
Deficit	(1.1)	(0.4)

These adjustments do not include provision for sovereign debt risk for either the Canadian Wheat Board (see Reservation 1 above) or the Export Development Corporation (see my audit opinion on the corporation's 1988 financial statements).

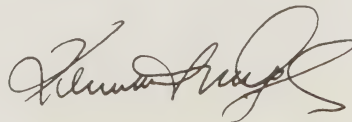
Reservation 3: Unrecorded Liabilities

In accordance with the accounting policy stated in Note 1(v) and as disclosed in Note 12, financial obligations in respect of indexing employee pensions are not fully recorded in the accompanying statements of assets and liabilities, revenue and expenditure and accumulated deficit, and transactions of the Government of Canada.

In November 1988, PSAAC issued Accounting Statement 5, "Accounting for Employee Pension Obligations in Government Financial Statements". This Statement recommended an approach to accounting for employee pension obligations that, if implemented, would result in financial obligations in respect of indexing being fully recorded in the Government's financial statements.

If the full amount of employee pension obligations were recorded as recommended in PSAAC's Accounting Statement 5, reported liabilities and accumulated deficit would be increased significantly.

Additional information and comments on the financial statements and this opinion are included in my observations in Chapter 2 of my annual Report to Parliament.



Ottawa, Canada
August 15, 1989

KENNETH M. DYE, F.C.A.
Auditor General of Canada

SECTION 3

1988-89

PUBLIC ACCOUNTS

Budgetary Revenue

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BUDGETARY REVENUE

Budgetary revenue consists of all tax and non-tax receipts which affect the annual deficit or surplus of the Government of Canada.

The Government generally reports revenue in the year in which it is received. Refunds of revenue are allocated to the year in which the obligations for refund, as determined by the completion of manual assessment, and commencement of the mechanical processing cycle, occur.

Revenue is reported net of refunds, and excludes amounts receivable, taxes collected on behalf of provinces and territories, and amounts credited to the Canada Pension Plan Account, superannuation accounts, other specified purpose accounts, and other liability accounts.

Revenue for a fiscal year includes receipts credited to the Receiver General by the Bank of Canada and the chartered banks by March 31st, and amounts received in federal government offices by March 31st, but not deposited until April or not credited to the Receiver General until April. Revenue also includes amounts received in the mail on the first working day of April, except where it is clear that it was the remitter's intention to discharge an obligation arising in the new fiscal year.

The main factors affecting the flow of tax revenue are variations in economic conditions, changes in statutory tax rates, and changes in the base upon which the statutory tax rates are applied and taxes are calculated. Although a taxpayer's income tax liability relates to a taxation year, advance collection of individual and corporation income taxes by payroll deductions and instalment payments results in a distribution of receipts throughout the year. Similarly, sales and excise taxes and duties are received on a regular basis throughout the year.

Budgetary Revenue in 1988-89

Total net budgetary revenue from outside parties increased by 6.7% or \$6,529 million, to \$103,981 million in 1988-89. Tax revenue, which accounts for almost 93% of total revenue increased by \$5,900 million or 6.5%, while non-tax revenue increased by \$629 million or 9.4%.

The growth in budgetary revenue in 1988-89 reflects a combination of factors. The continued strength in economic activity throughout 1988 translated into an expansion of the underlying tax bases and an increase in tax revenue. The impact of fiscal and cash management initiatives introduced in past budgets, particularly the acceleration of sales and excise tax payments and the extension of the federal sales tax to telecommunication services, also contributed to the growth in budgetary revenue. The impact of these factors was offset in part by the statutory rate reductions associated with personal and corporate income tax reform.

Personal income tax revenue, which accounts for almost 44% of total budgetary revenue, increased by only 2.0% (\$901 million) in 1988-89. Despite significant gains in employment and incomes in 1988 and the ongoing impact of past budget measures, which were designed in part to restore the revenue yield from the tax system, the growth in personal income tax revenue slowed considerably in 1988-89. This slowdown largely reflected the reductions in personal income taxes associated with income tax reform. In addition, the year-over-year growth rate was dampened by the inclusion in the 1987-88 results of the \$1.2 billion one-time increase in personal income tax revenue associated with the January 1988 source deduction acceleration initiative.

Corporation income tax collections increased by 7.8% to \$11,730 million in 1988-89. This increase reflected the continued strength in corporate profits, which advanced by 10.7% in 1988, and the impact of corporate income tax reform which was designed to raise overall corporate income taxes. The influence of these factors was dampened somewhat by the continued application of unused losses and deductions carried over from previous years.

In 1988-89, unemployment insurance contributions increased 8.1%, reaching a level of \$11,268 million. Although the unemployment insurance premium rate remained unchanged in 1988 and declined in 1989, this was offset by the increases in employment and incomes throughout 1988. In addition, adjustments related to the 1987 taxation year also impacted positively on the 1988-89 results.

Non-resident income taxes increased 35.8% in 1988-89, reaching a level of \$1,578 million or 1.5% of total revenue. The increase in non-resident income taxes reflected several one-time large dividend payouts made by Canadian companies to foreign shareholders, as well as increased interest payments to non-residents.

Sales and excise taxes and duties increased by 12.3% to \$25,771 million in 1988-89, accounting for about 43% of the increase in total budgetary revenue. More than one-half of the increase in sales and excise taxes and duties in 1988-89 was due to the one-time increase in revenue associated with the acceleration of sales and excise tax remittances from large firms. This measure, which was announced in the June 1987 White Paper on Tax Reform, affected companies' cash flow only and had no direct effect on consumers. The extension of the federal sales tax to telecommunication services, effective January 1988, together with the strength in consumer and business expenditures, also contributed to the growth in sales and excise taxes and duties. The impact of these factors was offset somewhat by the loss of customs import duties associated with the phase-in of the Canada-United States Free Trade Agreement.

Non-tax revenue increased by 9.4% to \$7,343 million in 1988-89. The increase in non-tax revenue was attributable largely to higher Exchange Fund Account profits. The year-over-year growth rate was also influenced by the inclusion of the net proceeds from the sale of Teleglobe Canada in the 1987-88 results.

Revenue by Main Classification and Source

Table 3.1 presents revenue by main classification and source on both a gross and net basis and segregates revenue internal to the Government from revenue received from outside parties. The difference between gross and net revenue is revenue credited to appropriations.

In this table, revenue from outside parties represents revenue received from organizations and individuals outside the Government of Canada as an accounting entity while revenue internal to the Government represents revenue generated from transactions between organizations within the accounting entity. The Government of Canada as an accounting entity is defined in Note 1 to the audited financial statements in Section 2 of this volume.

Revenue credited to appropriations represents revenue that has been credited to expenditure rather than to revenue where authority has been granted by Parliament.

"Total net revenue" represents all budgetary revenue recorded in the accounts of Canada in accordance with the accounting policies of the Government. "Total gross revenue" is derived by adding to "Total net revenue" all "Revenue credited to appropriations".

TABLE 3.1

REVENUE BY MAIN CLASSIFICATION AND SOURCE
(in millions of dollars)

	1988-89						
	Gross revenue		Revenue credited to appropriations		Net revenue		Total
	From outside parties ⁽²⁾	Internal to the Government	Total	From outside parties	Internal to the Government	From outside parties ⁽²⁾	Internal to the Government
Tax revenue—							
Income tax—							
Personal	46,026		46,026			46,026	46,026
Corporation	11,730		11,730			11,730	11,730
Unemployment insurance contributions	11,268		11,268			11,268	11,268
Non-resident	1,578		1,578			1,578	1,578
	70,602		70,602			70,602	70,602
Excise taxes and duties—							
Sales tax	15,645	99	15,744			15,645	99
Customs import duties	4,521	6	4,527			4,521	6
Excise duties	1,453		1,453			1,453	1,453
Other	2,005		2,005	499		1,506	1,506
	23,624	105	23,729	499		23,125	105
Energy taxes—							
Excise tax—Gasoline	2,174		2,174			2,174	2,174
Petroleum and gas revenue tax	105		105			105	105
Excise tax—Aviation gas and diesel fuel	369		369			369	369
Natural gas and gas liquids tax	—1		—1			—1	—1
Oil export charges	(1) ⁽¹⁾		(1)			(1)	(1)
Petroleum compensation charge	2		2	2			
Canadian Ownership special charge	—1		—1			—1	—1
	2,648		2,648	2		2,646	2,646
	26,272	105	26,377	501		25,771	105
Other tax revenue	265		265			265	265
Total tax revenue	97,139	105	97,244	501		96,638	105
Non-tax revenue—							
Return on investments, Table 3.2—							
Bank of Canada	1,938		1,938			1,938	1,938
Canada Mortgage and Housing Corporation	845		845			845	845
Farm Credit Corporation	301		301			301	301
Exchange Fund Account	1,658		1,658			1,658	1,658
Interest on bank deposits	255		255			255	255
Other return on investments	534	7	541	22		512	7
	5,531	7	5,538	22		5,509	7
Proceeds from sales	328	283	611	185	270	143	13
Refunds of previous years' expenditure	384	12	396	1		383	12
Privileges, licences and permits	532	3	535	223		309	3
Services and service fees	1,344	2,663	4,007	1,128	2,659	216	4
Domestic coinage	110		110	2		108	108
Other non-tax revenue	817	235	1,052	142	193	675	42
	3,515	3,196	6,711	1,681	3,122	1,834	74
Total non-tax revenue	9,046	3,203	12,249	1,703	3,122	7,343	81
Total revenue ⁽³⁾	106,185	3,308	109,493	2,204	3,122	103,981	186

⁽¹⁾ Less than \$500,000.⁽²⁾ Reflected on the Statement of Revenue and Expenditure and Accumulated Deficit in Section 2 of this volume.⁽³⁾ Additional details are provided in Table 6 in Section 1 of Volume II (Part I).

1987-88							
Gross revenue			Revenue credited to appropriations		Net revenue		
From outside parties ^[2]	Internal to the Government	Total	From outside parties	Internal to the Government	From outside parties ^[2]	Internal to the Government	Total
45,125		45,125			45,125		45,125
10,878		10,878			10,878		10,878
10,425		10,425			10,425		10,425
1,162		1,162			1,162		1,162
67,590		67,590			67,590		67,590
12,927	57	12,984			12,927	57	12,984
4,385	5	4,390			4,385	5	4,390
1,459		1,459			1,459		1,459
2,002		2,002	435		1,567		1,567
20,773	62	20,835	435		20,338	62	20,400
2,286		2,286			2,286		2,286
-75		-75			-75		-75
385		385			385		385
1		1			1		1
54		54	54				
6		6			6		6
2,657		2,657	54		2,603		2,603
23,430	62	23,492	489		22,941	62	23,003
207		207			207		207
91,227	62	91,289	489		90,738	62	90,800
1,844		1,844			1,844		1,844
853		853			853		853
324		324			324		324
752		752			752		752
279		279			279		279
520	9	529	24		496	9	505
4,572	9	4,581	24		4,548	9	4,557
858	231	1,089	220	222	638	9	647
369	13	382			369	13	382
487	5	492	206		281	5	286
1,217	2,177	3,394	1,011	2,174	206	3	209
178		178			178		178
686	211	897	192	171	494	40	534
3,795	2,637	6,432	1,629	2,567	2,166	70	2,236
8,367	2,646	11,013	1,653	2,567	6,714	79	6,793
99,594	2,708	102,302	2,142	2,567	97,452	141	97,593

Tax Revenue

The major tax changes which had an effect on the tax revenue for 1988-89 are described at the beginning of this section under the caption "Budgetary Revenue in 1988-89".

Personal Income Tax

This tax is levied on personal income under the provisions of the Income Tax Act.

In 1988-89, personal income tax was the largest source of Government revenue. It amounted to \$46,026 million, or 44% of total net revenue.

Corporation Income Tax

This tax is levied on corporation income under the provisions of the Income Tax Act.

Corporation income tax amounted to \$11,730 million in 1988-89, or 11% of total net revenue.

Unemployment Insurance Contributions

This account records the contributions from employers and employees to the Unemployment Insurance Account.

Non-Resident Income Tax

The non-resident income tax is levied on the income earned in Canada by non-residents. It is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts, paid to non-residents. It amounted to \$1,578 million in 1988-89, or 2% of total net revenue.

Excise Taxes and Duties

Excise taxes and duties totalled \$25,771 million in 1988-89, or 25% of total net revenue.

Sales tax

The sales tax, totalling \$15,645 million in 1988-89, was the most important tax levied under the Excise Tax Act.

Customs import duties

The revenues from customs import duties, consisting mainly of ad valorem taxes on the importation of goods, totalled \$4,521 million in 1988-89.

Excise duties

Excise duties, which totalled \$1,453 million in 1988-89, are levied on alcoholic beverages (other than wines) and tobacco products. (Additional taxes on tobacco products and taxes on wines are levied under the Excise Tax Act.)

Excise tax—Gasoline

Net receipts from the excise tax—Gasoline were \$2,174 million in 1988-89. Under certain conditions, the amounts received may be refunded to purchasers. As of March 31, 1989, \$2,221 million was received, and \$47 million was refunded and charged to revenue.

Petroleum and gas revenue tax

The petroleum and gas revenue tax came into effect on January 1, 1981, and was applicable to net operating revenues related to the production of oil and gas. The petroleum and gas revenue tax was eliminated effective October 1, 1986.

Aviation gas and diesel fuel

This tax, which came into effect during 1985-86, is imposed on diesel fuel and aviation turbo fuel.

Non-Tax Revenue

Return on Investments

Return on investments consists mainly of interest from loans and advances, transfer of profits and surpluses, and rental income from properties.

Return on investments is summarized in Table 3.2. Commencing in 1986-87, the presentation of this table has been changed to agree the total ministerial return on investments amount as reported in Table 6 in Section 1 of Volume II (Part I) to the amount as reported in Table 3.1. The reconciling items include an adjustment to the Exchange Fund Account to reflect the net income of the account from January 1, 1989 to March 31, 1989, and the interest on loans to the Unemployment Insurance Account, the Western Grain Stabilization Account, and the interest on the Agricultural Commodities Stabilization Accounts. The return on investments internal to the Government has been deducted from the total net return on investments to obtain the total net return on investments from outside parties. Revenue credited to appropriations from outside parties has been added to the latter to obtain total gross return on investments from outside parties.

TABLE 3.2

RETURN ON INVESTMENTS⁽¹⁾

(in millions of dollars)

	1988-89	1987-88	Increase or decrease(-)
Loans, investments and advances—			
Crown corporations—			
Lending institutions—			
Canada Deposit Insurance Corporation	134	117	17
Canada Mortgage and Housing Corporation	845	853	-8
Export Development Corporation	2	5	-3
Farm Credit Corporation	301	324	-23
	1,282	1,299	-17
All other Crown corporations—			
Atomic Energy of Canada Limited	77	62	15
Canada Development Investment Corporation—			
Eldorado Nuclear Limited	1	1	
Canadian National Railway Company	16	17	-1
Other—			
Bank of Canada	1,938	1,844	94
Canada Post Corporation	4		4
Canadian Dairy Commission	5	4	1
Royal Canadian Mint	3	15	-12
Teleglobe Canada	50	17	33
Miscellaneous	7	10	-3
	2,101	1,970	131
	3,383	3,269	114
Provincial and territorial governments	76	79	-3
National governments including developing countries	49	45	4
Veterans' Land Act Fund—Advances	6	7	-1
Joint and mixed enterprises	16	15	1
Miscellaneous	23	39	-16
	170	185	-15
	3,553	3,454	99
Foreign exchange accounts—			
Exchange Fund Account	1,658	752	906
International Monetary Fund—Subscriptions	6	6	
	1,664	758	906
Cash—			
Interest on bank deposits	255	279	-24
Other accounts—			
Interest on investment re: military purchases	22	25	-3
Government's holdings of unmatured debt	7	23	-16
Supply revolving fund	6	6	
Other	9	12	-3
	44	66	-22
Total net return on investments	5,516	4,557	959
Return on investments internal to the Government	-7	-9	2
Total net return on investments from outside parties	5,509	4,548	961
Revenue credited to appropriations from outside parties	22	24	-2
Total gross return on investments from outside parties	5,531	4,572	959

⁽¹⁾ Additional details are provided in Table 6 in Section 1 of Volume II (Part I).

SECTION 4

1988-89

PUBLIC ACCOUNTS

Budgetary Expenditure

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BUDGETARY EXPENDITURE

Budgetary expenditure consists of all charges to budgetary appropriations which affect the annual deficit or surplus of the Government. Such charges include those for work performed, goods received, services rendered, and transfer payments made, during the year and in the supplementary period including accounts payable at year end. In addition, budgetary expenditure may also include charges related to the provision for valuation of loans, investments and advances, the allowance for borrowings of agent Crown corporations, and accounts payable and other allowances related to statutory items and certain annual appropriations. As well, net expenditures of the Unemployment Insurance Account, the Western Grain Stabilization Account, the Crop Reinsurance Fund, the Agricultural Commodities Stabilization Accounts and other specified purpose accounts are also included.

Budgetary expenditure excludes amounts charged to the Canada Pension Plan Account, superannuation accounts, other specified purpose accounts, and other liability accounts.

Budgetary Expenditure in 1988-89

Total net budgetary expenditure with outside parties increased 5.7% to \$132,715 million in 1988-89, compared to an increase of 7.9% in 1987-88. All of the slowdown in the rate of growth in 1988-89 was attributable to program spending, which advanced by only 3.1%, compared to an increase of 7.6% in 1987-88. In contrast, the rate of growth in public debt charges accelerated sharply.

Public debt charges, which account for 25% of total Government spending, increased \$4,155 million, or 14.3%, to \$33,183 million in 1988-89. In 1987-88, public debt charges rose \$2,370 million or 8.9%. The increase in public debt charges in 1988-89 reflects both the increase in the stock of debt and the impact of higher interest rates throughout 1988-89. The strong economic growth witnessed in 1988 was accompanied by increasing inflationary pressures resulting from the tightening of labour and product markets. These pressures, in turn, lead to a substantial rise in interest rates. The compounding effects of these higher interest rates on debt servicing costs resulted in the substantially higher public debt charges in 1988-89.

Total program spending — that is — total Government spending excluding public debt charges — advanced 3.1% to \$99,532 million. This is less than half the increase recorded in 1987-88. Most of the slowdown in the rate of growth in program spending related to the timing of special ad hoc assistance payments to grain farmers as well as to the impact of the various restraint measures that the Government has introduced since November 1984. These measures included the phasing-out and reduction of various expenditure programs, limits on indexation, reductions in the number of person-years and other actions taken to control direct operating costs. Most of the increases during the year were in the areas of direct social assistance transfers to individuals and fiscal transfers to provinces.

The Social Development envelope accounts for about 60% of program spending. A major portion of spending in this envelope is formula-funded or demand-driven, with changes reflecting developments in economic activity and the underlying population bases. In 1988-89, spending increased 4.3%,

slightly above the increase recorded in 1987-88. Over two thirds of the advance in spending in 1988-89 was due to higher payments under old age security, unemployment insurance and the Canada Assistance Plan. The increase in old age security benefits reflects higher benefits, which are indexed to quarterly changes in the consumer price index, and an increase in the eligible population. Although the number of unemployed declined in 1988, increases in average benefits resulted in higher unemployment insurance payments. The inclusion of adjustments for prior years, coupled with increases in case-loads and in benefit rates, contributed to the higher Canada Assistance Plan payments. Although total entitlements under Established Programs Financing increased by 5.6% in 1988-89, the strength in the economy and the accompanying effect on the tax bases resulted in an increase in the value of tax points, which significantly moderated the growth in direct cash transfers.

Spending decreased by 6.3% in the Economic and Regional Development envelope, after advancing by 20.7% in 1987-88. Most of this decline is due to the timing of assistance payments to grain farmers. The sharp drop in world grain prices in 1986, largely provoked by the subsidy conflict between the United States and the European Economic Community countries, triggered large payments under the Western Grain Stabilization Account in 1987-88. For 1988-89, payments under the Western Grain Stabilization Account were somewhat lower than in 1987-88, given the payout formula of the program. In addition, the Government introduced the Special Canadian Grains Program as an income support program to farmers most severely hit by the lower grain prices. For the 1986 and 1987 crop years, total payments amounted to \$2.1 billion, of which \$1.5 billion was paid in fiscal year 1987-88. Although there was no Special Canadian Grain Assistance Program for the 1988 crop year, the Government did announce, in the fall of 1988, the Canadian Crop Drought Assistance Program, designed to assist those farmers hit hard by the 1988 drought. However, as most of the payments out of this program will be made in 1989-90, there was a net decline in ad hoc assistance payments in 1988-89, as compared to the record levels in 1987-88. Spending increases included higher spending on energy subsidies, science and technology, and regional spending.

Defence spending was projected to grow by 2% in real terms. However, the timing of capital expenditures in 1988-89 and the inclusion of extraordinary adjustments in 1987-88, restrained the increase to 2.4% in 1988-89.

The increase in the Fiscal Arrangements envelope of 16.0% in 1988-89 was due largely to higher equalization payments. This largely reflects the impact of robust economic growth on overall provincial revenues which had the effect of raising the five-province standard used in the equalization formula.

Spending in the Services to Government envelope declined in 1988-89 by 1.1% to \$4,149 million. Part of this decline was due to lower subsidies to the Canada Post Corporation as well as to the continuing impact of restraint measures on Government operations.

The External Affairs and Aid envelope rose by 3.5%. This increase is consistent with Canada's commitment to increase its Official Development Assistance in 1988-89 in line with the growth of the economy.

Expenditure by Envelope

Under the Policy and Expenditure Management System, the Government manages the resources available to it by "envelope". Each envelope represents the resources allocated to a particular policy sector for all elements of ministerial spending relating to that sector.

Expenditure by Envelope and Source

Table 4.1 presents the expenditure by envelope and source. The table is presented on both a gross and net basis and segregates expenditure with outside parties from expenditure internal to the Government. The difference between gross and net expenditure is revenue credited to appropriations.

In this table, expenditure with outside parties represents expenditure incurred as a result of transactions with organizations and individuals outside the Government of Canada as an accounting entity. Expenditure internal to the Government represents expenditure incurred as a result of transactions between organizations within the accounting entity. The Government of Canada as an accounting entity is defined in Note 1 to the audited financial statements in Section 2 of this volume.

Revenue credited to appropriations represents revenue that has been credited to budgetary expenditure rather than budgetary revenue where such authority has been granted by Parliament.

TABLE 4.1

EXPENDITURE BY ENVELOPE AND SOURCE

(in millions of dollars)

	1988-89						
	Gross expenditure		Revenue credited to appropriations		Net expenditure		
	With outside parties ⁽¹⁾	Internal to the Government	From outside parties	Internal to the Government	With outside parties ⁽¹⁾	Internal to the Government	Total
Social development—							
Old age security benefits, guaranteed income supplements and spouses' allowances	15,202				15,202		15,202
Unemployment insurance benefits	10,972				10,972		10,972
Established programs financing—							
Insurance and medical care services	6,678				6,678		6,678
Education support	2,227				2,227		2,227
Canada Assistance Plan	4,556				4,556		4,556
Family allowances	2,606				2,606		2,606
Justice and legal	2,987	27	461	12	2,526	15	2,541
Social assistance—Indians and Inuit	2,509	1			2,509	1	2,510
Direct job creation and training	1,938	2			1,938	2	1,940
Veterans benefits	1,612				1,612		1,612
Housing	1,734				1,734		1,734
Television, film and radio	1,152	3	8	3	1,144		1,144
Other	5,446	49	59	45	5,387	4	5,391
	59,619	82	528	60	59,091	22	59,113
Economic and regional development	14,401	345	1,060	324	13,341	21	13,362
Defence	11,291	101	266	22	11,025	79	11,104
Fiscal arrangements	8,127				8,127		8,127
Services to Government	4,472	2,778	323	2,715	4,149	63	4,212
External affairs and aid	3,584	2	27	1	3,557	1	3,558
Parliament	242				242	(2)	242
Total program expenditure	101,736	3,308	2,204	3,122	99,532	186	99,718
Public debt, Table 4.3	33,183				33,183		33,183
Total expenditure ⁽³⁾	134,919	3,308	2,204	3,122	132,715	186	132,901

⁽¹⁾ Reflected on the Statement of Revenue and Expenditure and Accumulated Deficit in Section 2 of this volume.

⁽²⁾ Less than \$500,000.

⁽³⁾ Additional information is provided in Table 4 in Section 1 of Volume II (Part I).

"Total net expenditure" represents all budgetary expenditure recorded in the accounts of Canada in accordance with the accounting policies of the Government. "Total gross expenditure" is derived by adding to "Total net expenditure" all "Revenue credited to appropriations".

1987-88							
Gross expenditure			Revenue credited to appropriations		Net expenditure		
With outside parties ⁽¹⁾	Internal to the Government	Total	From outside parties	Internal to the Government	With outside parties ⁽¹⁾	Internal to the Government	Total
14,349		14,349			14,349		14,349
10,487		10,487			10,487		10,487
6,558		6,558			6,558		6,558
2,242		2,242			2,242		2,242
4,246		4,246			4,246		4,246
2,564		2,564			2,564		2,564
2,755	18	2,773	437	9	2,318	9	2,327
2,330	1	2,331			2,330	1	2,331
1,929	1	1,930			1,929	1	1,930
1,609		1,609			1,609		1,609
1,885		1,885			1,885		1,885
1,104	1	1,105	7	1	1,097		1,097
5,074	48	5,122	52	42	5,022	6	5,028
57,132	69	57,201	496	52	56,636	17	56,653
15,231	328	15,559	999	292	14,232	36	14,268
11,074	72	11,146	305	21	10,769	51	10,820
7,007		7,007			7,007		7,007
4,513	2,233	6,746	319	2,201	4,194	32	4,226
3,461	4	3,465	23	1	3,438	3	3,441
231		231			231		231
98,649	2,706	101,355	2,142	2,567	96,507	139	96,646
29,028	2	29,030			29,028	2	29,030
127,677	2,708	130,385	2,142	2,567	125,535	141	125,676

Details of Expenditure by Envelope

Table 4.2 presents expenditure with outside parties on both a gross and net basis for major elements within each envelope.

TABLE 4.2

DETAILS OF EXPENDITURE BY ENVELOPE

(in millions of dollars)

	1989		1988	
	Gross expenditure	Net expenditure	Gross expenditure	Net expenditure
SOCIAL DEVELOPMENT				
COMMUNICATIONS—				
Department: cultural affairs	135	135	134	134
Canada Council	93	93	97	97
Canadian Broadcasting Corporation	915	915	887	887
Canadian Film Development Corporation	129	129	122	122
Canadian Radio-television and Telecommunications Commission	28	28	27	27
National Archives of Canada	53	53	46	46
National Arts Centre Corporation	18	18	16	16
National Film Board	80	71	73	66
National Library	35	35	36	36
National Museums of Canada	119	115	102	101
EMPLOYMENT AND IMMIGRATION—				
Department/Commission	13,752	13,752	13,353	13,353
Immigration and Refugee Board	24	24	12	12
ENVIRONMENT				
	816	816	774	774
INDIAN AFFAIRS AND NORTHERN DEVELOPMENT—				
Department	3,038	3,038	2,732	2,732
Northern Canada Power Commission	43	43	33	33
JUSTICE—				
Department	377	377	394	394
Canadian Human Rights Commission	12	12	10	10
Commissioner for Federal Judicial Affairs	135	135	131	131
Federal Court of Canada	12	12	11	11
Law Reform Commission of Canada	5	5	4	4
Offices of the Information and Privacy Commissioners of				
Canada	5	5	4	4
Supreme Court of Canada	9	9	8	8
Tax Court of Canada	5	5	4	4
LABOUR—				
Canadian Centre for Occupational Health and Safety	9	9	8	8
NATIONAL HEALTH AND WELFARE—				
Department	30,244	30,190	28,841	28,790
Medical Research Council	189	189	175	175
PUBLIC WORKS—				
Canada Mortgage and Housing Corporation	1,597	1,597	1,548	1,548
SECRETARY OF STATE—				
Department	3,321	3,321	3,177	3,177
Advisory Council on the Status of Women	3	3	3	3
Social Sciences and Humanities Research Council	76	76	70	70
Status of Women—Office of the Co-ordinator	3	3	3	3
SOLICITOR GENERAL—				
Department	28	28	26	26
Canadian Security Intelligence Service	158	158	136	136
Correctional Service	748	748	747	747
National Parole Board	19	19	18	18
Royal Canadian Mounted Police	1,473	1,012	1,378	941
Royal Canadian Mounted Police External Review Committee	1	1		
VETERANS AFFAIRS				
	1,612	1,612	1,609	1,609
	59,319	58,791	56,749	56,253
Provision for valuation	300	300	383	383
	59,619	59,091	57,132	56,636

TABLE 4.2

DETAILS OF EXPENDITURE BY ENVELOPE — *Continued*
(in millions of dollars)

	1989		1988	
	Gross expenditure	Net expenditure	Gross expenditure	Net expenditure
ECONOMIC AND REGIONAL DEVELOPMENT				
AGRICULTURE—				
Department	3,534	3,519	4,621	4,607
Canadian Dairy Commission	4	4	4	4
Canadian Livestock Feed Board	19	19	19	19
Farm Credit Corporation			15	15
ATLANTIC CANADA OPPORTUNITIES AGENCY				
Department	230	230	82	82
Enterprise Cape Breton Corporation	3	3		
COMMUNICATIONS—				
Department: excluding cultural affairs	181	167	182	167
CONSUMER AND CORPORATE AFFAIRS—				
Department	162	162	156	156
Competition Tribunal	1	1	1	1
Copyright Board	(1)	(1)		
Hazardous Materials Information Review Commission	2	2	(1)	(1)
Patented Medicine Prices Review Board	3	3	1	1
Standards Council of Canada	7	7	7	7
ENERGY, MINES AND RESOURCES—				
Department	1,201	1,199	1,089	1,035
Atomic Energy Control Board	25	25	23	23
Atomic Energy of Canada Limited	203	203	175	175
National Energy Board	23	23	25	25
EXTERNAL AFFAIRS—				
Department: program for export market development	17	17	19	19
Canadian Commercial Corporation	15	15	22	22
Export Development Corporation	60	60	29	29
FISHERIES AND OCEANS	692	692	602	602
LABOUR—				
Department	241	209	234	207
Canada Labour Relations Board	7	7	7	7
REGIONAL INDUSTRIAL EXPANSION—				
Department	1,163	1,163	1,233	1,233
Cape Breton Development Corporation	36	36	102	102
Federal Business Development Bank	63	63	78	78
Investment Canada	9	9	9	9
SCIENCE AND TECHNOLOGY—				
Ministry of State	55	37	46	30
National Research Council of Canada	457	457	423	423
Natural Sciences and Engineering Research Council	365	365	338	338
Science Council of Canada	3	3	3	3
SUPPLY AND SERVICES—				
Department: unsolicited proposals for research and development, and public awareness	26	26	20	20
TRANSPORT—				
Department	3,244	2,265	4,400	3,527
Canadian Aviation Safety Board	17	17	16	16
Civil Aviation Tribunal	1	1	1	1
Grain Transportation Agency Administrator	7	7	6	6
National Transportation Agency	986	986	1,155	1,155
Northern Pipeline Agency	(1)	(1)	(1)	(1)
WESTERN DIVERSIFICATION OFFICE	98	98	52	52
	13,160	12,100	15,195	14,196
Provision for valuation	1,241	1,241	36	36
	14,401	13,341	15,231	14,232

TABLE 4.2

DETAILS OF EXPENDITURE BY ENVELOPE — *Continued*
(in millions of dollars)

	1989		1988	
	Gross expenditure	Net expenditure	Gross expenditure	Net expenditure
DEFENCE				
NATIONAL DEFENCE	11,258	10,992	10,810	10,505
Provision for valuation	33	33	264	264
	11,291	11,025	11,074	10,769
FISCAL ARRANGEMENTS				
FINANCE—				
Department—				
Fiscal transfer payments program	7,298	7,298	6,473	6,473
PUBLIC WORKS—				
Department: municipal grants	294	294	273	273
SUPPLY AND SERVICES—				
Department: reciprocal taxation	285	285	261	261
	7,877	7,877	7,007	7,007
Provision for valuation	250	250		
	8,127	8,127	7,007	7,007
SERVICES TO GOVERNMENT				
FINANCE—				
Department—				
Financial and economic policies program: excluding				
development assistance	190	160	176	146
Canadian Import Tribunal program	2	2	2	2
Special program	3	3	4	4
Auditor General	47	47	45	45
Canadian International Trade Tribunal	3	3		
Office of the Superintendent of Financial Institutions			1	1
Privatization and Regulatory Affairs	8	8	75	75
Tariff Board	2	2	3	3
GOVERNOR GENERAL	9	9	8	8
NATIONAL REVENUE—				
Customs and Excise	490	490	483	483
Taxation	913	870	869	817
PRIVY COUNCIL—				
Department	45	45	44	44
Canadian Intergovernmental Conference Secretariat	3	3	3	3
Chief Electoral Officer	103	103	11	11
Commissioner of Official Languages	12	12	11	11
Economic Council of Canada	10	10	9	9
Public Service Staff Relations Board	9	9	8	8
Security Intelligence Review Committee	1	1	1	1
PUBLIC WORKS—				
Department: excluding municipal grants	1,157	931	1,024	978
Defence Construction (1951) Limited			14	14
National Capital Commission	91	91	103	103
REGIONAL INDUSTRIAL EXPANSION—				
Canada Post Corporation	195	195	387	387
Statistics Canada	229	219	222	222
SECRETARY OF STATE—				
Canadian Centre for Management Development	2	2		
Public Service Commission	128	128	124	124

TABLE 4.2

DETAILS OF EXPENDITURE BY ENVELOPE — *Concluded*
(in millions of dollars)

	1989		1988	
	Gross expenditure	Net expenditure	Gross expenditure	Net expenditure
SUPPLY AND SERVICES—				
Department: excluding reciprocal taxation, unsolicited proposals for research and development, and public awareness	261	247	416	225
TREASURY BOARD—				
Secretariat	378	378	368	368
Comptroller General	13	13	13	13
	4,304	3,981	4,424	4,105
Provision for valuation	168	168	89	89
	4,472	4,149	4,513	4,194
EXTERNAL AFFAIRS AND AID				
ENERGY, MINES AND RESOURCES—				
Petro-Canada International Assistance Corporation	61	61	68	68
EXTERNAL AFFAIRS—				
Department: excluding program for export market development	994	967	928	905
Canadian Institute for International Peace and Security	5	5	4	4
Canadian International Development Agency	2,294	2,294	2,067	2,067
International Centre for Ocean Development	7	7	6	6
International Development Research Centre	114	114	108	108
International Joint Commission	5	5	4	4
FINANCE—				
Department—				
Financial and economic policies program: development assistance	288	288	257	257
	3,768	3,741	3,442	3,419
Provision for valuation	-184	-184	19	19
	3,584	3,557	3,461	3,438
PARLIAMENT				
PARLIAMENT—				
The Senate	33	33	32	32
House of Commons	196	196	178	178
Library of Parliament	13	13	12	12
	242	242	222	222
Provision for valuation			9	9
	242	242	231	231
PUBLIC DEBT				
FINANCE—				
Department—				
Public debt program	33,183	33,183	29,028	29,028
Total expenditure before provision for valuation	133,111	130,907	126,877	124,735
Provision for valuation	1,808	1,808	800	800
TOTAL	134,919	132,715	127,677	125,535

⁽¹⁾ Less than \$500,000.

SUPPLEMENTARY STATEMENTS

Public Debt Charges

Public debt charges include interest on unmatured debt (including Canada and Treasury bills), on specified purpose accounts and on other accounts, cost of issuing new loans, amortization of bond discounts, premiums and commissions, and the costs of servicing the public debt.

The increase of \$3,458 million in public debt charges related to unmatured debt is commensurate with an increase in the debt, which rose from \$252,058 million at March 31, 1988 to \$277,624 million at March 31, 1989. The increase of \$689 million in public debt charges related to specified purpose accounts was due mainly to an increase in the balances of superannuation accounts.

A comparative summary of public debt charges is presented in Table 4.3. Commencing in 1986-87, changes in the presentation of the table have been made in order to disclose in greater detail the consolidated specified purpose accounts and the reconciling items between total public debt charges as reported in the Finance ministerial section (Section 10) of Volume II (Part I) and the total net expenditure of the public debt envelope as per Table 4.1. The reconciling items include the expenditure of the consolidated specified purpose accounts. Expenditure internal to the Government has been deducted from the total net expenditure of the public debt envelope to obtain the total net expenditure with outside parties. Since no portion of revenue credited to appropriations applies to the public debt envelope, the total gross public debt envelope is identical to the total net public debt envelope.

TABLE 4.3

PUBLIC DEBT CHARGES⁽²⁾
(in millions of dollars)

	1988-89	1987-88	Increase or decrease (—)
Unmatured debt—			
Marketable bonds—			
Payable in Canadian currency	11,946	11,023	923
Payable in foreign currencies	453	462	—9
	12,399	11,485	914
Canada savings bonds	5,326	4,699	627
Special non-marketable bonds—			
Canada Pension Plan Investment Fund	291	233	58
	8,452	6,438	2,014
Treasury bills			
Notes and loans—			
Payable in foreign currencies	210	366	—156
Canada bills	85	94	—9
Servicing costs and costs of issuing new loans	60	50	10
Total public debt charges related to unmatured debt	26,823	23,365	3,458
Specified purpose accounts—			
Superannuation accounts	5,748	5,163	585
Government Annuities Account	65	68	—3
Canada Pension Plan Account	250	184	66
Deposit and trust accounts	133	102	31
Other	79	69	10
Total public debt charges related to specified purpose accounts	6,275	5,586	689
Consolidated specified purpose accounts—			
Unemployment Insurance Account	15	4	11
Western Grain Stabilization Account	—1	(1)	—1
Agricultural Commodities Stabilization Accounts	20	6	14
Total public debt charges related to consolidated specified purpose accounts	34	10	24
Total public debt charges related to other accounts	85	79	6
Total public debt charges ⁽³⁾	33,217	29,040	4,177
Less:			
Total public debt charges related to consolidated specified purpose accounts	34	10	24
Total net/gross expenditure of the public debt envelope	33,183	29,030	4,153
Less:			
Expenditure internal to the Government—Interest on Government's holdings of unmatured debt		2	—2
Total net/gross expenditure with outside parties of the public debt envelope	33,183	29,028	4,155

⁽¹⁾ Less than \$500,000.

⁽²⁾ Additional details are provided in Table 4 in Section 1 of Volume II (Part I).

⁽³⁾ Additional details are provided in Section 8 of Volume II (Part II).

Expenditure under Statutory Authority

The spending authority provided by statutory appropriations is for specified purposes and for such amounts and such time as the acts prescribe. This spending authority does not generally lapse at the end of the year in which it is granted. Expenditure under such authority accounts for more than half of the total net expenditure each year.

Table 4.4 presents a comparative summary of these statutory expenditures. Commencing in 1986-87, changes in the presentation of the table have been made in order to disclose the

reconciling items between the total ministerial expenditure under statutory authority and the total net statutory expenditure. The reconciling items include the statutory expenditure of the consolidated specified purpose accounts and the provision for valuation. Expenditure internal to the Government has been deducted from the total net statutory expenditure to obtain the total net statutory expenditure with outside parties. Revenue credited to appropriations from outside parties has been added to the latter to obtain the total gross statutory expenditure with outside parties.

TABLE 4.4

EXPENDITURE UNDER STATUTORY AUTHORITY (in millions of dollars)

	1988-89	1987-88	Increase or decrease (-)
Public debt charges	33,217	29,040	4,177
Old age security payments	10,963	10,248	715
Federal-provincial fiscal arrangements and public utilities	7,298	6,473	825
Payments for insured health services and extended health care services	6,678	6,558	120
Canada Assistance Plan payments	4,584	4,246	338
Guaranteed income supplement payments	3,766	3,618	148
Family allowance payments	2,606	2,564	42
Government's contribution to the Unemployment Insurance Account	2,416	2,443	-27
Post-secondary education payments to provinces	2,227	2,242	-15
Payments to railway companies under the Western Grain Transportation Act	777	941	-164
Write-off of advance pursuant to Western Grain Stabilization Act	750		750
Spouse's allowance payments	473	483	-10
Interest payments under the Canada Student Loans Act	387	369	18
Grants to municipalities and other taxing authorities	294	273	21
Payments to International Development Association	288	245	43
Reciprocal taxation	285	261	24
Payments in connection with the Western Grain Stabilization Act	268	91	177
Government's contribution in respect of fishermen's benefits	240	229	11
Superannuation, supplementary retirement benefits, death benefits and other pensions—			
Public Service—			
Government's matching contribution to the Public Service Superannuation Account	434	427	7
Statutory payments under the Supplementary Retirement Benefits Act	528	501	27
Government's contribution as employer to the Unemployment Insurance Account	172	177	-5
Government's matching contribution to the Canada and the Quebec Pension Plans	131	139	-8
Government's matching contribution to the Supplementary Retirement Benefits Account	79	80	-1
Government's matching contribution to the death benefit account	7	7	0
	1,351	1,331	20
Less: recoveries from revolving funds	78	78	0
	1,273	1,253	20
Canadian Forces—			
Government's matching contribution to the Canadian Forces Superannuation Account	255	247	8
Statutory payments under the Supplementary Retirement Benefits Act	344	314	30
Government's contribution as employer to the Unemployment Insurance Account	69	68	1
Government's matching contribution to the Canada and the Quebec Pension Plans	41	38	3

TABLE 4.4

EXPENDITURE UNDER STATUTORY AUTHORITY— *Concluded*
(in millions of dollars)

	1988-89	1987-88	Increase or decrease (—)
Government's matching contribution to the Supplementary Retirement Benefits Account	28	27	
Government's matching contribution to the death benefit account	2	2	
Amortization of actuarial deficiency		4	
	739	700	
Less: interest applied against amortization of actuarial deficiency and charged as interest on the public debt		4	
	739	696	43
Royal Canadian Mounted Police—			
Government's matching contribution to the Royal Canadian Mounted Police Superannuation Account	99	82	
Statutory payments under the Supplementary Retirement Benefits Act	27	24	
Government's contribution as employer to the Unemployment Insurance Account	15	15	
Government's matching contribution to the Canada and the Quebec Pension Plans	9	8	
Government's matching contribution to the Supplementary Retirement Benefits Account	8	7	
	158	136	22
Payments under the Defence Services and Royal Canadian Mounted Police Pension Continuation Act	15	16	—1
All other statutory expenditures	1,555	1,329	226
Total ministerial expenditure under statutory authority ⁽¹⁾	81,257	73,754	7,503
Consolidated specified purpose accounts—			
Unemployment Insurance Account	8,909	8,499	410
Western Grain Stabilization Account	—63	1,304	—1,367
Crop Reinsurance Fund	3	1	2
Agricultural Commodities Stabilization Accounts	180	—39	219
Other	⁽¹⁾	⁽¹⁾	
Total expenditure of consolidated specified purpose accounts	9,029	9,765	—736
Provision for valuation	1,808	800	1,008
Total net statutory expenditure	92,094	84,319	7,775
Expenditure internal to the Government		2	—2
Total net statutory expenditure with outside parties	92,094	84,321	7,773
Revenue credited to appropriation from outside parties	330	267	63
Total gross statutory expenditure with outside parties	92,424	84,588	7,836

⁽¹⁾ Less than \$500,000.⁽²⁾ Additional details are provided in Table 3 in Section 1 of Volume II (Part I).

Transfer Payments

The transfer payments information presented in Note 6 to the audited financial statements of the Government of Canada in Section 2 of this volume are presented in more detail in the

following table. Table 4.5 shows payments exceeding \$300 million.

TABLE 4.5

TRANSFER PAYMENTS BY TYPE OF TRANSFER

(in thousands of dollars)

	1988-89	1987-88	Increase or decrease (-)
Payments to persons—			
Old age security— ⁽¹⁾			
Old age security benefits	10,963,365	10,247,941	715,424
Guaranteed income supplements	3,765,839	3,618,244	147,595
Spouse allowances	473,220	482,561	-9,341
	15,202,424	14,348,746	853,678
Unemployment Insurance Account payments	10,628,533	10,236,717	391,816
Family allowances (incl. youth) ⁽¹⁾	2,605,700	2,564,353	41,347
Payments to native people and associations	1,700,015	1,508,438	191,577
Veterans benefits—			
Pensions to veterans of World Wars I and II	759,303	734,037	25,266
War veterans allowances	310,509	365,618	-55,109
	1,069,812	1,099,655	-29,843
Western Grain Stabilization benefits	954,083	1,395,744	-441,661
Grants and scholarships in aid of research	533,727	496,243	37,484
Payments to producers for commodities under the Agricultural Stabilization Act	452,927	509,321	-56,394
Pensions to Government employees not authorized under Superannuation Acts	396,907	366,090	30,817
Other	2,008,617	2,401,278	-392,661
	35,552,745	34,926,585	626,160
Payments to provinces, territories and municipalities—			
Taxation agreements	6,956,754	6,096,706	860,048
Canada Health Act—			
Extended health care services ⁽¹⁾	1,270,629	1,198,125	72,504
Insured health services ⁽¹⁾	5,407,500	5,360,303	47,197
	6,678,129	6,558,428	119,701
Canada Assistance Plan payments ⁽¹⁾	4,583,550	4,245,700	337,850
Post-secondary education adjustment payments ⁽¹⁾	2,227,453	2,241,864	-14,411
Payments to territories for operating expenditures	880,880	767,133	113,747
Grants in lieu of taxes	325,446	298,773	26,673
Payments under the Public Utilities Income Tax Transfer Act	301,258	340,632	-39,374
Other	2,372,365	2,046,025	326,340
	24,325,835	22,595,261	1,730,574
Payments to enterprises—Subsidies and capital assistance—			
Payments under the Western Grain Transportation Act	824,657	971,260	-146,603
Payments under industrial and regional development	388,301	347,125	41,176
Other	1,614,680	1,530,936	83,744
	2,827,638	2,849,321	-21,683
Payments to or on behalf of international organizations and foreign countries—			
Purchase of goods for development assistance	551,218	471,527	79,691
International food aid program	426,826	436,829	-10,003
Payments to United Nations and related organizations	413,988	250,718	163,270
Contributions to Canadian non-government organizations	316,739	288,608	28,131
Purchase of services for development assistance	289,672	410,185	-120,513
Other	797,186	743,883	53,303
	2,795,629	2,601,750	193,879
Payments to non-profit institutions and organizations—			
Assistance to encourage employment	783,674	856,108	-72,434
Other	920,764	948,661	-27,897
	1,704,438	1,804,769	-100,331
Total transfer payments	67,206,285	64,777,686	2,428,599

⁽¹⁾ An analysis by province is shown in Table 4.6 for these transfer payments.

Details of Transfer Payments by Province

Table 4.6 presents an analysis by province of selected important transfer payments. More detail can be found in Section 7 of Volume II (Part II) of the Public Accounts.

TABLE 4.6

SELECTED IMPORTANT TRANSFER PAYMENTS BY PROVINCE
(in thousands of dollars)

	Transfers to persons		Transfers to provinces, territories and municipalities			
	Old age security ⁽¹⁾	Family allowances	Insured health services	Extended health care services	Post-secondary education	Canada Assistance Plan
Newfoundland	350,304	67,650	138,206	27,401	58,006	91,339
Prince Edward Island	334,724	68,622	138,699	26,415	59,547	88,376
	99,089	13,995	31,568	6,286	13,246	22,602
	95,435	13,787	31,531	5,970	13,516	21,729
Nova Scotia	621,575	89,206	218,340	43,204	91,687	152,869
	595,839	88,918	216,164	40,956	92,668	128,173
New Brunswick	493,314	75,935	176,225	34,765	74,089	149,789
	470,409	75,983	173,867	33,150	74,393	152,350
Quebec	3,972,370	635,263	959,168	324,787	371,050	1,128,973
	3,741,001	627,776	985,394	305,501	391,056	1,100,747
Ontario	5,219,740	926,771	1,897,044	462,852	776,478	1,510,952
	4,922,720	904,375	1,957,730	435,624	815,699	1,319,822
Manitoba	735,804	114,455	269,352	53,398	113,188	197,777
	702,129	113,334	265,144	50,591	113,667	164,195
Saskatchewan	709,426	114,547	244,458	49,466	103,070	155,153
	675,891	114,065	251,674	47,041	107,518	157,548
Alberta	1,059,284	266,362	666,339	117,462	285,380	487,870
	993,818	263,121	572,259	112,713	243,012	442,882
British Columbia	1,859,609	290,311	786,886	147,226	332,800	663,112
	1,744,554	283,457	745,396	136,309	321,192	652,787
Total provinces	15,120,515	2,594,495	5,387,586	1,266,847	2,218,994	4,560,436
	14,276,520	2,553,438	5,337,858	1,194,270	2,232,268	4,228,609
Northwest Territories	10,816	8,179	13,452	2,544	5,716	15,003
	10,273	7,993	15,492	2,597	6,616	13,976
Yukon Territory	5,263	3,026	6,462	1,238	2,743	8,111
	5,065	2,922	6,953	1,258	2,980	3,115
International	65,830					
	56,888					
Total	15,202,424	2,605,700	5,407,500	1,270,629	2,227,453	4,583,550
	14,348,746	2,564,353	5,360,303	1,198,125	2,241,864	4,245,700

Amounts in roman type are 1988-89 transfer payments.

Amounts in *italic type* are 1987-88 transfer payments.

⁽¹⁾ Includes guaranteed income supplements and spouse allowances.

SECTION 5

1988-89

PUBLIC ACCOUNTS

Consolidated Specified Purpose Accounts

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CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

Consolidated specified purpose accounts are categories of budgetary revenue and expenditure which report transactions of certain accounts where enabling legislation requires that revenues be earmarked, and that related payments and expenditures be charged against such revenues. Such accounts collect primarily receipts of a tax nature, and include: the Unemployment Insurance Account, the Canadian Ownership Account, the Western Grain Stabilization Account, the Crop Reinsurance Fund, the Agricultural Commodities Stabilization Accounts and other specified purpose accounts.

In the past, earmarked revenues were credited to non-budgetary accounts, with related offsetting payments and

expenditures charged thereto. Commencing with 1985-86 (1984-85 for the Canadian Ownership Account), the transactions of these accounts are reported with budgetary revenue and expenditure, in order to provide a more comprehensive reporting of the Government's operating results.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 5.1 presents a summary of the balances and transactions of these accounts, in the manner required by legislation.

The financial statements of the Unemployment Insurance Account, together with the Auditor General's report thereon, are presented at the end of this section.

TABLE 5.1

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

	April 1/1988	Receipts and other credits		Payments and other charges		Net increase or decrease (-)		
		From outside parties	Internal to the Government	With outside parties	Internal to the Government	March 31/1989	1989	1988
	\$	\$	\$	\$	\$	\$	\$	\$
Unemployment Insurance								
Account, Table 5.2	-235,251,085	11,267,912,406	2,687,302,310	11,596,407,660	2,150,351,399	-26,795,428	208,455,657	55,304,215
Less: interest-bearing loans ...	1,954,000,000		1,954,000,000				-1,954,000,000	-1,652,000,000
	-2,189,251,085	11,267,912,406	4,641,302,310	11,596,407,660	2,150,351,399	-26,795,428	2,162,455,657	1,707,304,215
Canadian Ownership								
Account	1,908,579,439	-766,396				1,907,813,043	-766,396	6,412,287
Add: investments made through the Canadian Ownership								
Account	1,656,854,321					1,656,854,321		
Canadian Ownership special charge collected	3,565,433,760	-766,396				3,564,667,364	-766,396	6,412,287
Western Grain Stabilization								
Account	-8,854,806	201,057,192	3,400,050,428	954,083,212	2,638,168,967	635	8,855,441	136,155,832
Less: interest-bearing loans ...	1,505,237,099		2,478,371,258		2,382,930,077	1,409,795,918	-95,441,181	1,505,237,099
	-1,514,091,905	201,057,192	5,878,421,686	954,083,212	5,021,099,044	-1,409,795,283	104,296,622	-1,369,081,267
Crop Reinsurance Fund	-74,919,920	42,894,492		2,819,725		-34,845,153	40,074,767	38,174,858
Agricultural Commodities								
Stabilization Accounts	184,365,129	90,094,365	89,520,824	244,120,275	1,992,295	117,867,748	-66,497,381	114,584,066
Less: interest-bearing loans ...	184,365,129	90,094,365	1,186,678		25,241,043	24,054,365	24,054,365	
			90,707,502	244,120,275	27,233,338	93,813,383	-90,551,746	114,584,066
Other specified purpose accounts	321,823	78,342		228,159		172,006	-149,817	321,823
Total	-28,142,198	11,601,270,401	10,610,431,498	12,797,659,031	7,198,683,781	2,187,216,889	2,215,359,087	497,715,982

Unemployment Insurance Account

The Unemployment Insurance Act provides for a compulsory contributory unemployment insurance program applicable to all employees, with few exceptions.

The Act authorizes an account in the accounts of Canada to be known as the Unemployment Insurance Account.

The Act provides that the following be credited to the Account: (a) premiums, fines, penalties and interest; (b) Government share of benefits paid; (c) refunds of overpayments of benefits, and benefit repayments; (d) amounts for services

rendered to other Government departments or agencies, or to the public; (e) amounts provided for any other purpose related to unemployment insurance and authorized by an appropriation administered by the Canada Employment and Immigration Commission; and, (f) interest on the balance of the Account at such rates as the Minister of Finance may authorize. The Act also provides that the following be charged to the Account: (a) benefits paid under the Act; (b) costs of administering the Act; and (c) interest on advances made by the Minister of Finance.

Maximum weekly employee premiums were \$13.28 from April 1, 1988 to December 31, 1988 and \$11.80 from January 1, 1989 to March 31, 1989. For the same periods, maximum weekly benefits were \$339 from April 1, 1988 to December 31, 1988 and \$363 from January 1, 1989 to March 31, 1989.

Interest-bearing loans are made to the Unemployment Insurance Account, under Section 119(1) of the Unemployment Insurance Act, as a result of deficiencies in contributions from employers and employees. During the year, all outstanding loans were repaid.

TABLE 5.2

TRANSACTIONS IN THE UNEMPLOYMENT INSURANCE ACCOUNT (in millions of dollars)

	1988-89	1987-88
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employee and employer*	11,508	10,671
Government	2,416	2,443
Investment income	16	6
Interest-bearing loans from the		
Government		415
Miscellaneous revenue	16	15
	13,956	13,550
PAYMENTS AND OTHER CHARGES—		
Benefits	10,628	10,237
Expenses	968	969
Interest expense	198	221
Repayments of interest-bearing loans to the		
Government	1,954	2,067
	13,748	13,494
Net increase	208	56
Add—Balance at beginning of year	-235	-291
Balance at end of year	-27	-235

* Included in employee and employer contributions is \$256 million (\$260 million in 1987-88) from the Government as contribution for employees.

Within the Statement of Revenue and Expenditure and Accumulated Deficit, receipts and other credits of \$11,268 million (\$10,425 million in 1988) are reported as revenue, while payments and other charges of \$11,596 million (\$11,206 million in 1988) are reported as expenditure.

Receipts and other credits of \$2,687 million (\$3,122 million in 1988) and payments and other charges of \$2,150 million (\$2,286 million in 1988), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

Canadian Ownership Account

This account was established under the authority of Energy, Mines and Resources Vote 5c, Appropriation Act No 4, 1980-81. The account was credited with amounts received from the Canadian Ownership special charge levied to increase public ownership of the oil and gas industry in Canada.

The special charge was cancelled due to deregulation on June 1, 1985. Therefore, any transactions since then are as a result of adjustments due to audits.

Within the Statement of Revenue and Expenditure and Accumulated Deficit, receipts and other credits of -\$1 million (\$6 million in 1988) are reported as revenue.

Western Grain Stabilization Account

The purpose of the Western Grain Stabilization Act is to protect prairie grain producers from unexpected and large income declines, through the stabilization of returns on the production and sale of wheat, oats, barley, rye, domestic mustard seed, canola, flax seed, triticale, mixed grain, sunflower seed, safflower seed, buckwheat, peas, lentils, fatabeans and canary seed as well as any other prescribed seed that is produced in the designated area and is a grain for which a grade has been established and designated as "Canada Western" by regulation under the Canada Grain Act.

This account records funds for this purpose which are received from:

- levies paid by participating producers—a levy rate ranging from 2% to 4% applied to a participant's grain sales proceeds not exceeding \$60,000 per year;
- Government contributions equal to levies paid by producers plus an additional 2% of the participating eligible grain sales proceeds of all participants on which levy has been paid by participants;
- interest on the amount standing to the credit of the Account at rates and in accordance with terms and conditions determined by the Minister of Finance; and,
- pursuant to Section 45 of the Western Grain Stabilization Act advances can be made from the Consolidated Revenue Fund when the balance in the Account is not sufficient for the payment of stabilization payments and other amounts required to be charged to the Account pursuant to Section 44 of the Western Grain Stabilization Act.

Section 24 of the Western Grain Stabilization Act, as amended, states: Notwithstanding section 44 of the said Act, \$750,000,000 of advances to the credit of the Stabilization Account under subsection 44(1) of the said Act are forgiven and written off from the accounts of Canada as a budgetary expenditure and shall be deleted from those accounts.

During the year, the Account was advanced \$654,558,819 and \$750,000,000 was forgiven. Interest on each advance is calculated quarterly at the rate in respect of borrowings by Crown corporations having a one year amortization period. The repayment period for each advance shall not exceed a term of one year.

Within the Statement of Revenue and Expenditure and Accumulated Deficit, receipts and other credits of \$201 million (\$30 million in 1988) are reported as revenue, while payments and other charges of \$954 million (\$1,396 million in 1988), are reported as expenditure.

Receipts and other credits of \$3,400 million (\$1,597 million in 1988), and payments and other charges of \$2,638 million (\$95 million in 1988), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

Crop Reinsurance Fund

This Fund, established by Section 6(1) of the Crop Insurance Act, provides insurance to participating provinces for costs they incur in operating various crop insurance schemes.

The revenue of the Fund comes from moneys paid by the provinces for the purpose of reinsurance and the expenditure of the Fund are moneys paid to the provinces under the terms of reinsurance agreements.

Within the Statement of Revenue and Expenditure and Accumulated Deficit, receipts and other credits of \$43 million (\$39 million in 1988) are reported as revenue, while payments and other charges of \$3 million (\$1 million in 1988) are reported as expenditure.

Agricultural Commodities Stabilization Accounts

The purpose of these accounts is to reduce income loss to producers from market risks through stabilizing prices. Premiums are shared equally by the Government of Canada, the governments of participating provinces and participating producers. These premiums should equal the total paid over time. There are several active accounts as follows:

- (a) hogs;
- (b) slaughter cattle;
- (c) feeder calves;
- (d) lambs;
- (e) apples;

- (f) white beans;
- (g) other dry edible beans;
- (h) sugar beets;
- (i) honey; and,
- (j) onions.

These accounts were established in the accounts of Canada pursuant to Section 13.1 of the Agricultural Stabilization Act.

Within the Statement of Revenue and Expenditure and Accumulated Deficit, receipts and other credits of \$90 million (\$75 million in 1988) are reported as revenue, while payments and other charges of \$244 million (\$3 million in 1988) are reported as expenditure.

Receipts and other credits of \$90 million (\$42 million in 1988) and payments and other charges of \$2 million (nil in 1988), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

Other Specified Purpose Accounts

This group records consolidated specified purpose accounts not classified separately since they are not material by themselves.

Within the Statement of Revenue and Expenditure and Accumulated Deficit, receipts and other credits of \$0.1 million (\$1 million in 1988) are reported as revenue, while payments and other charges of \$0.2 million (\$2 million in 1988) are reported as expenditure.

There are no receipts and other credits in 1989 (\$2 million in 1988), internal to the operations of the Government, eliminated in order to present transactions with outside parties, only.

SUPPLEMENTARY STATEMENT

Canada Employment and Immigration Commission relating to the Unemployment Insurance Account

AUDITOR'S REPORT

TO THE MINISTER OF EMPLOYMENT AND IMMIGRATION

I have examined the balance sheet of the Canada Employment and Immigration Commission relating to the Unemployment Insurance Account as at December 31, 1988 and the statement of revenue, expenses and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission relating to the Unemployment Insurance Account as at December 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Kenneth M. Dye, F.C.A.
Auditor General of Canada

Ottawa, Canada
July 28, 1989

BALANCE SHEET AS AT DECEMBER 31, 1988 (in thousands of dollars)

ASSETS	1988	1987	LIABILITIES AND SURPLUS	1988	1987
Balance of the account with Receiver General for Canada	426,933	86,759	Unredeemed warrants	217,795	192,062
Due from claimants (Note 3)	148,302	132,293	Tax deductions from warrants	66,128	108,017
Due from Canada (Note 4)	64,478		Due to Canada (Note 4)		48,741
			Advances from Canada (Note 5)		2,238,506
				283,923	2,587,326
			Surplus (deficit)	355,790	-2,368,274
	639,713	219,052		639,713	219,052

Approved by the Commission:

PAUL GAUVIN
*Executive Director
Finance and Administration*

ARTHUR KROEGER
Chairman

Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—Continued

STATEMENT OF REVENUE, EXPENSES AND SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1988
(in thousands of dollars)

	1988	1987
Revenue		
Premiums (Note 6)	11,876,021	10,211,769
Penalties	20,208	18,122
	11,896,229	10,229,891
Expenses		
Benefits (Note 7 and Schedule)	10,715,512	10,325,868
Administration (Note 8)	968,034	961,756
Interest on advances from Canada and on the balance of the account with Receiver General for Canada	104,224	275,044
Doubtful accounts	17,297	10,071
	11,805,067	11,572,739
Excess (deficiency) of revenue over expenses before Government's share		
Administration (Note 8)	91,162	-1,342,848
Government's share of benefits (Schedule)	2,632,902	2,766,547
Excess of revenue over expenses for the year	2,724,064	1,423,699
Deficit at beginning of the year	2,368,274	3,791,973
Surplus (deficit) at end of the year	355,790	-2,368,274

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1988

1. Authority and objective

The Canada Employment and Immigration Commission, a departmental corporation named in Schedule II to the Financial Administration Act, administers the Unemployment Insurance Act. The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Unemployment Insurance Account.

In the accounts of Canada, the Unemployment Insurance Account was established by Section 112 of the Act. All amounts received under this Act are deposited in the Consolidated Revenue Fund and credited to this Account. Benefits and the cost of administration of the Act are paid out of the Consolidated Revenue Fund and charged to this Account.

Under Part III of the Act, the Minister of National Revenue is responsible for collecting premiums from employers and employees.

The Minister of National Revenue is also responsible, under Part VII of the Act, to administer and enforce the provisions of the Act relating to Benefit repayments.

2. Accounting policies

(a) Premiums

The premiums are recorded based on an estimate of the amount to be collected in the current year and include adjustments between actual and estimated premiums of prior years.

(b) Penalties

Penalties, levied pursuant to Section 33 of the Act, are recorded on an accrual basis.

(c) Benefits

Benefits represent the warrants issued during the year less benefit overpayments established by the Commission during the year and benefit repayments estimated to be receivable under Section 123 of the Act including adjustments between actual and estimated repayments of prior years.

(d) Administration

The costs of administration of the Act are determined by the Unemployment Insurance Regulations and are charged to the Account by the Commission.

(e) Interest

Interest on the balance of the account with the Receiver General for Canada and interest on advances from Canada are recorded on an accrual basis.

(f) Government's share of benefits

The government's share of benefits is recorded on an accrual basis.

3. Due from claimants

	1988	1987
	(in thousands of dollars)	
Benefit overpayment and penalties	162,435	136,684
Less: allowance for doubtful accounts	44,631	34,040
	117,804	102,644
Estimated benefit repayments under Section 123 of the Act	30,498	29,649
	148,302	132,293

Uncollectable benefit overpayments and penalties written-off during the year under authority of Section 60(2) of the Regulations amounted to \$6.7 million (1987—\$5.9 million).

Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—Continued

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1988—Continued

4. Due from (to) Canada

	1988	1987
	(in thousands of dollars)	
Government's share of		
benefits	4,756	8,572
Premiums	54,619	-34,231
Interest on balance of the account with		
Receiver General for Canada	2,072	631
Administration expenses	3,125	-23,833
Benefit repayments	111	177
Other	-205	-57
	64,478	-48,741

5. Advances from Canada

Advances from Canada were made under Section 119 of the Act and the Unemployment Insurance Account Advance Regulations, by means of promissory notes which bear annual interest compounded semi-annually at varying rates. As at December 31, 1988, all advances from Canada had been repaid.

6. Premiums

In 1988, the premium rate for employees was \$2.35 per \$100 of insurable earnings, the same as the 1987 rate. The premium rate for the employers, calculated at 1.4 times the employee rate, also remained unchanged at \$3.29 per \$100 of an employee's insurable earnings.

Employers with qualified wage loss insurance plans are entitled to premium reductions. Employers are required to share this reduction with their employees. In 1988, the total amount of premium reductions is estimated at \$426 million (\$389 million in 1987).

7. Overpayments and underpayments of benefits

The large number of claimants to be monitored and the requirement for prompt service require selective internal control procedures rather than universal and, therefore, the verification of claims is mainly done after claimants have begun to receive benefits.

As a result, overpayments and underpayments of benefits exist which the Commission estimated at \$344 million (\$342 million in 1987) and \$141 million (\$101 million in 1987) respectively. These amounts are included in the benefits for the year.

8. Administration costs

The actual administration costs of the Commission are calculated on a fiscal year basis (April 1 to March 31). For purposes of charging the Account on a calendar year basis, applicable administration costs are apportioned as 9/12 of the amount for the current fiscal year plus 3/12 of the amount for the previous fiscal year. The administration costs calculated in this way totalled \$975 million in 1988 (\$968 million in 1987). This amount was offset by approximately \$7 million (\$6 million in 1987) for the recovery of costs related to maintaining the Social Insurance Number registry and issuing replacement cards.

9. Contingent liabilities

In the normal course of the operations of the Unemployment Insurance Account, certain appeals against or by the Commission are presently outstanding. In the opinion of management, the result of these appeals will not have a significant impact on the operations of the Unemployment Insurance Account.

10. Subsequent events

On June 1, 1989, the Minister of Employment and Immigration Canada tabled Bill C-21, an Act to amend the Unemployment Insurance Act and the Employment and Immigration Department and Commission Act. The Bill received second reading and was referred to Committee on June 21, 1989.

The proposed legislation eliminates the government's share of benefits and affects various provisions of the U.I. program, including entrance requirements, benefits and imposition of penalties. This proposed legislation is scheduled for implementation January 1, 1990.

Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1988—*Concluded*

SCHEDULE OF BENEFITS FOR THE YEAR ENDED DECEMBER 31, 1988 (in thousands of dollars)

	1988		1987	
	Total	Government's share	Total	Government's share
Regular	9,216,704	2,249,358	8,989,012	2,420,871
Maternity	565,775		505,309	
Sickness	316,965		272,167	
Training	237,186	103,010	222,724	106,734
Job creation	102,250	41,092	87,696	37,225
Retirement	19,189		23,112	
Work sharing	16,860		16,955	
Adoption	4,718		4,633	
	10,479,647	2,393,460	10,121,608	2,564,830
Fishing	269,988	248,513	223,180	204,454
Gross benefits	10,749,635	2,641,973	10,344,788	2,769,284
Less: benefit repay- ment	34,123	9,071	18,920	2,737
	10,715,512	2,632,902	10,325,868	2,766,547

In accordance with Section 118 and 130 of the Unemployment Insurance Act, the government's share of benefits consists of extended benefits paid under Section 22, Subsections 25(8) and 26(3), and all benefits paid to fishermen less premiums paid by them and their designated employers.

Extended benefits paid under Section 22 of the Act are benefits paid to claimants who have exhausted their initial benefits (and labour force extended benefits, if they are entitled) and who reside in a region where the regional unemployment rate exceeds four per cent.

Extended benefits under Subsection 25(8) and 26(3) of the Act are benefits paid to claimants on job creation projects or training courses and whose entitlements are not enough to cover the duration of the project or course plus an additional maximum of three weeks of entitlement after the projects or courses end.

SECTION 6

1988-89

PUBLIC ACCOUNTS

Loans, Investments and Advances

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LOANS, INVESTMENTS AND ADVANCES

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada, acquired through the use of parliamentary appropriations. Some of these appropriations permit repayments to be used for further loans and advances. Many appropriations are non-lapsing, that is, unexpended balances may be carried forward from year to year. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II (Part I).

Loans, investments and advances are recorded at cost and are subject to valuation to reflect estimated losses on realization. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Loans, investments and advances resulting from foreign currency transactions are, in turn, reported at year-end closing rates of exchange; net gains are credited to revenue as premium and discount on exchange, while net losses are charged to budgetary expenditure of the Department of Finance.

The allowance established to reflect estimated losses on realization of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under Section 63(2) of the Financial Administration Act.

Revenue received during the year on loans, investments and advances, is credited to return on investments; details are given

in Section 11 of Volume II (Part II). In accordance with stated accounting policies, accrued interest and interest due but not received are not reported as revenue. Table 6.23 gives details of recorded uncollected interest.

Transactions and year-end balances of loans, investments and advances are presented as follows:

- Crown corporations;
- provincial and territorial governments;
- national governments including developing countries;
- international organizations;
- Veterans' Land Act Fund advances;
- joint and mixed enterprises; and,
- miscellaneous.

Transactions and balances are further summarized in Sections 1 and 2 of this volume. In addition, Table 6.22 summarizes transactions by type.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges. In addition, the term "account(s) without current transactions" has been included in some tables, to show the net result of transactions in accounts which were closed out in the previous year.

TABLE 6.1

LOANS, INVESTMENTS AND ADVANCES

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (—)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Crown corporations—						
Lending institutions, Table 6.2—						
Canada Deposit Insurance Corporation	1,333,664,382	75,000,000	436,335,618	1,695,000,000	361,335,618	130,500,000
Canada Mortgage and Housing Corpora- tion	9,176,840,618	424,097,115	151,500,000	8,904,243,503	-272,597,115	-234,544,119
Export Development Corporation	722,000,000	25,000,000		697,000,000	-25,000,000	-55,000,000
Farm Credit Corporation	3,701,838,779	1,088,896,014	859,350,000	3,472,292,765	-229,546,014	179,000,000
Federal Business Development Bank	294,000,000			294,000,000		-51,000,000
	15,228,343,779	1,612,993,129	1,447,185,618	15,062,536,268	-165,807,511	-31,044,119
All other Crown corporations, Table 6.3—						
Atomic Energy of Canada Limited	689,806,938	21,105,918		668,701,020	-21,105,918	-19,781,795
Canada Development Investment Corpora- tion	395,658,315			395,658,315		
Canadian National Railway Company	2,463,632,246	11,333,470		2,452,298,776	-11,333,470	-29,856,229
Petro-Canada	4,299,126,174			4,299,126,174		
Other	194,010,144	366,014,565	541,999,505	369,995,084	175,984,940	-1,369,771,500
	8,042,233,817	398,453,953	541,999,505	8,185,779,369	143,545,552	-1,419,409,524
Less: allowance for valuation	3,400,000,000	1,000,000,000		4,400,000,000	1,000,000,000	-400,000,000
Total Crown corporations	19,870,577,596	3,011,447,082	1,989,185,123	18,848,315,637	-1,022,261,959	-1,050,453,643
Other loans, investments and advances—						
Provincial and territorial governments, Table 6.15	910,520,413	39,935,666	12,681,137	883,265,884	-27,254,529	-37,221,900
National governments including developing countries, Table 6.16	4,323,073,085	242,005,064	109,621,594	4,190,689,615	-132,383,470	-81,500,555
International organizations, Table 6.17	4,563,853,349	470,677,335	527,407,022	4,620,583,036	56,729,687	21,606,098
Less: notes payable, Table 6.17	1,873,348,037	488,975,356	455,796,099	1,906,527,294	33,179,257	36,398,783
	2,690,505,312	959,652,691	983,203,121	2,714,055,742	23,550,430	-14,792,685
Veterans' Land Act Fund advances, less allow- ance for conditional benefits, Table 6.19	111,264,338	20,222,142	38,409	91,080,605	-20,183,733	-23,325,685
Joint and mixed enterprises, Table 6.20	665,671,302	37,061,291		628,610,011	-37,061,291	-317,759,997
Miscellaneous, Table 6.21	908,418,254	1,245,134,947	1,180,140,209	843,423,516	-64,994,738	115,874,638
	9,609,452,704	2,544,011,801	2,285,684,470	9,351,125,373	-258,327,331	-358,726,184
Less: allowance for valuation	6,000,000,000		200,000,000	5,800,000,000	-200,000,000	100,000,000
Total other loans, investments and advances	3,609,452,704	2,544,011,801	2,485,684,470	3,551,125,373	-58,327,331	-458,726,184
Total	23,480,030,300	5,555,458,883	4,474,869,593	22,399,441,010	-1,080,589,290	-1,509,179,827

CROWN CORPORATIONS

Loans and advances to, and investments in, Crown corporations represent the balance of financial claims held by the Government against corporations for working capital, capital expenditure and other purposes, investment in the capital stock of corporations, and loans and advances to corporations for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries each of which is wholly-owned directly or indirectly by one or more parent Crown corporations. These include the corporations listed in Parts I and II of Schedule III of the Financial Administration Act, the Bank of Canada, the Canada Council, the Canadian Broadcasting Corporation, the Canadian Film Development Corporation, the Canadian Institute for International Peace and Security, the Canadian Wheat Board, the International Development Research Centre, and the National Arts Centre Corporation.

A Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its

affairs. Most of the Crown corporations listed in the schedules to the Financial Administration Act are agents of Her Majesty in right of Canada. This status is granted in one of the following ways:

- (i) designation by Parliament, through a special act of incorporation;
- (ii) statutory authorization; and,
- (iii) proclamation by the Government Corporations Operation Act.

Financial statements of parent Crown corporations can be found in Volume III of the Public Accounts. The financial statements of wholly-owned subsidiaries of Crown corporations are also included in that volume whenever their accounts are not consolidated with those of the parent corporation. These financial statements are appended to those of the related parent Crown corporation.

Lending Institutions

Table 6.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to Crown corporations whose primary activity is to provide financial assistance.

TABLE 6.2

CROWN CORPORATIONS—LENDING INSTITUTIONS

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (—)	
	\$	\$	\$	\$	1989	1988
Canada Deposit Insurance Corporation	1,333,664,382	75,000,000	436,335,618	1,695,000,000	361,335,618	130,500,000
Canada Mortgage and Housing Corporation—						
Capital stock	25,000,000			25,000,000		
Housing	6,006,923,256	273,664,411	39,600,000	5,772,858,845	-234,064,411	-208,146,322
Real estate	123,473,808	18,174,458	48,400,000	153,699,350	30,225,542	29,556,211
Joint projects	1,438,851,901	48,764,648	63,500,000	1,453,587,253	14,735,352	31,790,149
Urban renewal scheme	14,375,553	3,845,341		10,530,212	-3,845,341	-4,251,424
Student housing projects	363,195,738	6,005,725		357,190,013	-6,005,725	-4,702,531
Sewage treatment projects	1,011,585,426	45,528,483		966,056,943	-45,528,483	-30,795,701
Ownership assistance	193,434,936	28,114,049		165,320,887	-28,114,049	-47,994,501
	9,176,840,618	424,097,115	151,500,000	8,904,243,503	-272,597,115	-234,544,119
Export Development Corporation—						
Capital stock	697,000,000			697,000,000		
Loans	25,000,000	25,000,000			-25,000,000	-55,000,000
	722,000,000	25,000,000		697,000,000	-25,000,000	-55,000,000
Farm Credit Corporation—						
Contributed capital	218,333,000			218,333,000		
Notes	3,477,475,779	1,087,327,552	858,850,000	3,248,998,227	-228,477,552	179,000,000
Farm syndicates loan fund	6,030,000	1,568,462	500,000	4,961,538	-1,068,462	
	3,701,838,779	1,088,896,014	859,350,000	3,472,292,765	-229,546,014	179,000,000
Federal Business Development Bank—						
Paid-in capital	294,000,000			294,000,000		
Account without current transactions						-51,000,000
	294,000,000			294,000,000		-51,000,000
Total	15,228,343,779	1,612,993,129	1,447,185,618	15,062,536,268	-165,807,511	-31,044,119

Canada Deposit Insurance Corporation

The Corporation was established by the Canada Deposit Insurance Corporation Act, to provide insurance, up to \$60,000 per depositor per institution, on deposits with federal member institutions and approved provincial institutions.

The Corporation is an agent of Her Majesty, reports through the Minister of Finance, and is listed in Part I of Schedule III of the Financial Administration Act.

Section 42 of the Canada Deposit Insurance Corporation Act provides that the Minister of Finance, with the approval of the Governor in Council, may advance to the Corporation amounts by way of loans on such terms and conditions as the Governor in Council may determine. The aggregate of such loans authorized to be outstanding at any time is \$3,000,000,000.

The loans bear interest at rates from 8.915% to 11.757% per annum, and are repayable between April 26, 1989 and July 5, 1991.

During the year, the Corporation paid interest of \$133.7 million to the Government.

Canada Mortgage and Housing Corporation

The Corporation was established by the Canada Mortgage and Housing Corporation Act, to promote the construction of new houses, the repair and modernization of existing houses, the improvement of housing and living conditions in Canada, and to promote the development of communities through the provision of infrastructure facilities.

The Corporation is an agent of Her Majesty, reports through the Minister of Public Works, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$1,597 million from budgetary appropriations. It paid interest of \$806.3 million and transferred \$38.9 million of profit to the Government.

Capital stock

The Government's investment in the capital of the Corporation is authorized by Section 16 of the Canada Mortgage and Housing Corporation Act.

Housing

Advances have been made to enable the Corporation to lend money under the following sections of the National Housing Act:

- (a) Section 24(1)—for rental housing projects on the security of a first mortgage and to sell or purchase loans made on rental housing projects;
- (b) Section 26(1)—to any person to assist in
 - (i) the construction, purchase or improvement of a low-rental housing project;
 - (ii) the purchase of existing buildings and the land upon which they are situated and their conversion into a low-rental housing project; or,

- (iii) the conversion of existing buildings into a low-rental housing project;

- (c) Section 27.5—to municipalities for selected neighbourhoods for the purpose of improving premises within the neighbourhood in respect of which the contribution is made;

- (d) Section 51(1)—

- (i) to the owner of a family housing unit or of housing accommodation of the hostel or dormitory type for the purpose of assisting in the repair, rehabilitation or improvement thereof;

- (ii) to an occupier of a family housing unit for the purpose of assisting in the repair, rehabilitation or improvement thereof; or,

- (iii) to a non profit corporation for the purpose of assisting in the conversion of an existing residential building owned by the corporation, to a building containing a different number of family housing units, housing accommodation of the hostel or dormitory type or a different number of hostel or dormitory beds;

- (e) Section 61(1)—to cooperatives for the purpose of assisting in the construction, acquisition or improvement of a housing project;

- (f) Section 76(1)—to any person that wishes to undertake a project

- (i) for individuals or families of low income; or,

- (ii) to meet the needs of individuals resulting from age, infirmity or other disability;

- (g) Section 80(1)—to provinces, municipalities or public housing agencies to assist in the acquisition and the servicing of land for housing purposes;

- (h) Section 81(1)—to a province, municipality or public housing agency for the construction or acquisition of a public housing project;

- (i) Section 97(1)—to persons to whom a loan is not being made available pursuant to Part I of Section 24, the Corporation may make such a loan subject to the same terms conditions and limitations that exist under Part I of Section 24; and,

- (j) Section 98—to Indians to assist in the purchase, improvement or construction of housing projects on Indian reserves.

During the year, additional advances were authorized by Public Works Vote L60, Appropriation Acts No 1 and No 2, 1988-89.

The advances bear interest at rates from 5% to 16.07% per annum, and are repayable over 18 to 50 years, with final instalments between June 30, 1992 and March 31, 2037.

Real estate

Section 92(1) the National Housing Act authorizes advances to: (a) acquire land or housing projects by way of purchase, lease or otherwise; (b) install services in and effect improvements to or in respect of land acquired, and develop and lay out such land for housing purposes; (c) construct, convert or improve housing projects; and, (d) acquire building materials and equipment and other personal property for use in connection with housing projects.

During the year, additional advances were authorized by Public Works Vote L55, Appropriation Acts No 1 and No 2, 1988-89.

The advances bear interest at rates from 2% to 16.157% per annum, and are repayable over 50 years, with the final instalment on September 30, 2036.

Joint projects

Section 79(1) of the National Housing Act authorizes advances to undertake projects jointly with the government of any province or any agency thereof, for (a) the acquisition and development of land for housing purposes or for any purpose incidental thereof; (b) the construction of housing projects or housing accommodation of the hostel or dormitory type for sale or for rent; and, (c) the acquisition, improvement and conversion of existing buildings for a housing project or for housing accommodation of the hostel or dormitory type.

The advances bear interest at rates from 3% to 14.8% per annum, and are repayable over 25 to 50 years, with final instalments between June 30, 1990 and September 30, 2038.

Urban renewal scheme

Advances have been made to enable the Corporation to lend money under Section 25(1) of the National Housing Act, to a province or municipality, to assist in the implementation of an urban renewal scheme.

The advances bear interest at rates from 5.81% to 7.81% per annum, and are repayable over 15 to 50 years, with final instalments between June 30, 1989 and June 30, 1999.

Student housing projects

Advances have been made to enable the Corporation to lend money under Section 88(1) of the National Housing Act, to a province or an agency thereof, a municipality or an agency thereof, or a hospital, school board, university, college, cooperative association or charitable corporation, to assist in (a) the construction, acquisition or improvement of a student housing project; (b) the acquisition of existing buildings and their conversion into a student housing project; or, (c) the conversion of existing buildings into a student housing project.

The advances bear interest at rates from 5% to 10.054% per annum, and are repayable over 20 to 50 years, with final instalments between September 30, 1994 and March 31, 2030.

Sewage treatment projects

Advances have been made to enable the Corporation to lend money under Section 51 of the National Housing Act, to any province, municipality or municipal sewerage corporation, to assist in the establishment or expansion of a sewage treatment project, and in the construction of a trunk storm sewer system.

The advances bear interest at rates from 5% to 10.376% per annum, and are repayable over 18 to 50 years, with final instalments between September 30, 1993 and December 31, 2022.

Ownership assistance

Advances have been made to enable the Corporation to lend money under Sections 57(1) and 58(1) of the National Housing Act, to assist in (a) the construction of a house or a condominium unit by a person who owns the house or condominium unit and intends to occupy the house, one of the family housing units thereof or the condominium unit, or by a builder who intends to sell the house or condominium unit to a person who will own and occupy the house, one of the family housing units thereof or the condominium unit; or, (b) the acquisition of a house or condominium unit by a prospective qualified owner.

The advances bear interest at rates from 7.625% to 9.618% per annum, and are repayable over 20 to 50 years, with final instalments between December 31, 1992 and June 30, 2003.

Export Development Corporation

The Corporation was established by the Export Development Act, to facilitate and develop export trade by the provision of loans, insurance, guarantees and other financial facilities.

The Corporation is an agent of Her Majesty, reports through the Minister for International Trade, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$59.5 million from budgetary appropriations.

Capital stock

The Government's investment in the capital of the Corporation is authorized by Section 11(1) of the Export Development Act.

Loans

Loans to the Corporation are authorized by Sections 12 and 13 of the Export Development Act. Pursuant to Section 12, the Corporation may borrow money from public and private sources by any means, including the issuing and selling of bonds, debentures, notes and other evidences of indebtedness of the Corporation. Pursuant to Section 13, loans to the Corporation may be made out of the Consolidated Revenue Fund on terms and conditions fixed by the Minister of Finance.

Section 14 limits the Corporation's outstanding borrowings under Sections 12 and 13 to an amount that shall not exceed at any time ten times the aggregate of the paid-in capital of the Corporation from time to time and the retained earnings, if any, determined in accordance with the most recent statements of accounts of the Corporation for a financial year, that have been audited by the Auditor General of Canada.

For the purposes of the Export Development Act, Section 31(1) also authorizes the making of loans by the Government of Canada through the Corporation. These loans are administered by the Corporation on behalf of the Government and are reported further in this section under "National governments including developing countries" and "Miscellaneous loans, investments and advances".

During the year, the loan was repaid in full.

In 1988-89, the Corporation paid interest of \$2.1 million to the Government.

Farm Credit Corporation

The Corporation was established by the Farm Credit Act, to assist Canadian farmers to establish and develop sound farm enterprises through the use of long-term credit.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture, and is listed in Part I of Schedule III of the Financial Administration Act.

Contributed capital

The Government's contribution to the capital of the Corporation is authorized by Section 12(1) of the Farm Credit Act.

The total amount authorized is not to exceed \$225,000,000.

Notes

Promissory notes are issued to the Minister of Finance in respect of loans made pursuant to Section 13 of the Act, to provide the Corporation with funds for making loans to farmers. The total amount of such loans outstanding at any time may not exceed twenty-five times the capital of the Corporation.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 20 years, bearing interest at rates from 9% to 12% per annum, with final instalments between July 1, 1997 and July 1, 2000, \$803,986,075;
- (b) repayable over 20 years, bearing interest at rates from 6% to 9% per annum, with final instalments between July 1, 1989 and July 1, 1999, \$1,284,176,440;
- (c) repayable over 12 to 18 years, bearing interest at rates from 10.02% to 10.145% per annum, with final instalments between January 1, 1994 and January 1, 1997, \$28,412,947;
- (d) repayable over 10 years, bearing interest at rates from 9.245% to 11.625% per annum, with final instalments between July 1, 1993 and July 1, 1997, \$544,764,215;
- (e) repayable over 2 to 9 years, bearing interest at rates from 9.135% to 11% per annum, with the final instalment on July 1, 1997, \$521,658,550; and,

- (f) repayable within 1 year, bearing interest at rates from 9.855% to 11.661% per annum, \$66,000,000.

During the year, the Corporation paid interest of \$300.7 million to the Government.

Farm syndicates loan fund

Advances have been made by the Minister of Finance, pursuant to Section 8 of the Farm Syndicates Credit Act, to enable the Corporation to make loans. Section 3(1) of the Act allows the Corporation to make loans to a farm syndicate for:

- (a) the purchase of farm machinery;
- (b) the purchase, erection or improvement of buildings; or,
- (c) the purchase or improvement of land on which buildings are or are to be erected for use primarily by the syndicate or its members, in their farming operations.

The total amount authorized to be outstanding at any time is \$25,000,000.

The advances bear interest at rates from 9.275% to 11% per annum, and are repayable in equal semi-annual instalments over 5 to 7 years, with final instalments between July 1, 1989 and July 1, 2001.

Federal Business Development Bank

The Corporation was established by the Federal Business Development Bank Act, to promote and assist in the establishment and development of business enterprises in Canada, by providing financial assistance, management counselling, management training, information and advice, and such other services as are ancillary or incidental to any of the foregoing.

The Corporation is an agent of Her Majesty, reports through the Minister of Regional Industrial Expansion, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$63.4 million from budgetary appropriations.

The Government's contribution to the paid-in capital of the Corporation is authorized by Sections 28 and 52 of the Federal Business Development Bank Act.

All Other Crown Corporations

Table 6.3 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to Crown corporations engaged in activities other than providing financial assistance.

TABLE 6.3

ALL OTHER CROWN CORPORATIONS

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (—)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Air Canada ⁽¹⁾						
Atomic Energy of Canada Limited—						
Capital stock	15,000,000			15,000,000		
Contributed capital	149,159,473			149,159,473		
Housing	3,984,055	437,180		3,546,875	-437,180	-524,928
Bruce heavy water plant	72,924,555	13,257,451		59,667,104	-13,257,451	-12,293,719
Commercial products division	1,277,715	394,065		883,650	-394,065	-560,437
Gentilly II nuclear power station	143,262,695	2,408,754		140,853,941	-2,408,754	-2,201,982
Heavy water inventory	19,500,000			19,500,000		
Lepreau nuclear station	284,698,445	4,608,468		280,089,977	-4,608,468	-4,200,729
	689,806,938	21,105,918		668,701,020	-21,105,918	-19,781,795
Canada Development Investment Corporation	395,658,315			395,658,315		
Eldorado Nuclear Limited						
	395,658,315			395,658,315		
Canadian National Railway Company—						
Capital stock	2,278,866,774			2,278,866,774		-19,452,958
Consolidated loan	184,765,472	11,333,470		173,432,002	-11,333,470	-10,403,271
	2,463,632,246	11,333,470		2,452,298,776	-11,333,470	-29,856,229
Petro-Canada—						
Capital stock—Common	3,326,354,321			3,326,354,321		
Preferred	972,771,853			972,771,853		
	4,299,126,174			4,299,126,174		
	7,848,223,673	32,439,388		7,815,784,285	-32,439,388	-49,638,024
Other—						
Bank of Canada	5,920,000			5,920,000		
Canada Ports Corporation	1,561,790	75,095		1,486,695	-75,095	-17,911,357
Saint John Harbour Bridge Authority	13,981,819	123,731		13,858,088	-123,731	-115,705
	15,543,609	198,826		15,344,783	-198,826	-18,027,062
Canada Post Corporation			80,000,000	80,000,000	80,000,000	
Canadian Broadcasting Corporation	33,000,000			33,000,000		
Canadian Dairy Commission	11,596,000	238,566,000	300,218,000	73,248,000	61,652,000	-39,514,000
Canadian National (West Indies) Steamships Ltd—						
Capital stock	976			976		
Advances	324,024			324,024		
	325,000			325,000		
Canadian Saltfish Corporation	28,850,000	107,850,000	120,000,000	41,000,000	12,150,000	4,850,000
Cape Breton Development Corporation	21,918,495		19,081,505	41,000,000	19,081,505	14,896,279
Freshwater Fish Marketing Corporation	5,200,000	10,400,000	21,700,000	16,500,000	11,300,000	2,200,000
Halifax Port Corporation	4,123,920	303,687		3,820,233	-303,687	-25,831,842
Mingan Associates, Ltd						
Montreal Port Corporation	7,351,194	383,111		6,968,083	-383,111	-133,355,413
Northern Canada Power Commission ⁽²⁾						
Royal Canadian Mint	24,223,887	7,988,735		16,235,152	-7,988,735	-2,988,735
Saint John Port Corporation	20,052,457			20,052,457		-38,280,141
St John's Port Corporation	2,457,621	124,837	1,000,000	3,332,784	875,163	943,167
Vancouver Port Corporation	4,147,961	199,369		3,948,592	-199,369	-76,679,902
VIA Rail Canada Inc.	9,300,000			9,300,000		
Accounts without current transactions						-1,057,983,851
	194,010,144	366,014,565	541,999,505	369,995,084	175,984,940	-1,369,771,500
Total	8,042,233,817	398,453,953	541,999,505	8,185,779,369	143,545,552	-1,419,409,524

⁽¹⁾ This account is now reported in Table 6.20.⁽²⁾ This account is now reported in Table 6.21.

Atomic Energy of Canada Limited

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to develop the utilization of atomic energy for peaceful purposes.

The Corporation is an agent of Her Majesty, reports through the Minister of Energy, Mines and Resources, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$203.1 million from budgetary appropriations. It paid interest of \$60.6 million and a dividend of \$16.4 million to the Government.

Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

Contributed capital

The Government's contribution to the capital of the Corporation is recorded in this account.

Housing

Loans have been made to finance the construction of housing near the Whiteshell Nuclear Research Establishment.

The loans bear interest at rates from 5% to 8.5% per annum, and are repayable in equal monthly instalments over 30 years, with final instalments between September 30, 1990 and June 30, 2003.

Bruce heavy water plant

Loans have been made to finance the construction of the Bruce heavy water plant at Douglas Point, Ontario.

The loans bear interest at rates from 6.687% to 8.5% per annum, and are repayable in equal monthly instalments over 17 years, with the final instalment on December 31, 1992.

Commercial products division

Loans have been made to finance the construction of manufacturing facilities and a laboratory at South March, Ontario.

The loans bear interest at rates from 6.687% to 7.625% per annum, and are repayable in equal monthly instalments over 20 years, with final instalments due September 30, 1992.

Gentilly II nuclear power station

Loans have been made to finance a share in the construction of the CANDU-PHW 600 generating station at Gentilly, under an agreement with the Province of Quebec and Hydro-Quebec.

The loan, consolidated in 1983-84, bears interest at the rate of 9.18% per annum, and is repayable in equal annual instalments over 25 years, with the final instalment on April 7, 2008.

Heavy water inventory

Loans have been made to finance the production and purchase of heavy water for lease or resale to Canadian and foreign users.

The loans bear interest at the rate of 10% per annum until May 1, 1989. Thereafter, they will bear interest at the rate established every May 1st and November 1st by the Minister of Finance, in respect of borrowings having a six month term by Crown corporations. The loans are repayable in equal semi-annual instalments over 20 years, with the final instalment on May 1, 2008.

Lepreau nuclear station

Loans have been made to finance a share in the construction of the nuclear generating station at Lepreau.

The loan, consolidated in 1980-81, bears interest at the rate of 9.706% per annum, and is repayable in equal annual instalments over 25 years, with the final instalment on April 1, 2008.

Canada Development Investment Corporation

The Corporation was incorporated pursuant to the Canada Business Corporations Act, to:

- (a) assist in the creation or development of businesses, resources, properties and industries of Canada;
- (b) expand, widen and develop opportunities for Canadians to participate in the economic development of Canada through the application of their skills and capital in any activities carried on by the Corporation;
- (c) invest in the shares or securities of any corporation owning property or carrying on business related to the economic interests of Canada;
- (d) invest in ventures or enterprises, including the acquisition of property, likely to benefit Canada; and,
- (e) carry out all activities in the best interests of Canada, operating in a commercial manner.

The Corporation is an agent of Her Majesty, reports through the Minister of State (Privatization), and is listed in Part II of Schedule III of the Financial Administration Act.

The Government's investment in the capital of the Corporation is recorded in this account. The balance in the account represents the value of 101 common shares of the Corporation without nominal or par value.

Eldorado Nuclear Limited

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to provide for the mining and refining of uranium, and the production of nuclear fuel in Canada. The Corporation is a wholly-owned subsidiary of the Canada Development Investment Corporation.

Interest due but not received, totalling \$10,093,433 as of March 31, 1989, was recorded in the accounts of Canada in previous years by being debited to a loan account and credited to an uncollected interest account (see Table 6.23 of this section). Since the Government's policy is to report revenue only as received, this uncollected interest was deducted from the loan account, to present it on a net basis.

During the year, the Corporation paid interest of \$0.9 million to the Government.

Canadian National Railway Company

The Corporation was established by the Canadian National Railways Act, to provide, operate and manage a national system of railways.

The Corporation is not an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$14 million from budgetary appropriations.

Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

Consolidated loan

The loan bears interest at the rate of 8.75% per annum, and is repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1998.

During the year, the Corporation paid interest of \$15.9 million to the Government.

Petro-Canada

The Corporation was established by the Petro-Canada Act, to explore, research, develop, produce and distribute hydrocarbons and other types of fuel and energy, and to engage or invest in ventures related thereto.

The Corporation is an agent of Her Majesty, reports through the Minister of Energy, Mines and Resources, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, Petro-Canada International Assistance Corporation (a wholly-owned subsidiary of Petro-Canada) received financial assistance of \$60.5 million from budgetary appropriations.

The Government's investment in the capital of the Corporation is authorized by Sections 5, 22, 24 and 26 of the Petro-Canada Act.

Bank of Canada

The Bank of Canada was established by the Bank of Canada Act, to regulate credit and currency, in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit, and to mitigate, by its influence, fluctuations in the general levels of production, trade, prices and employment so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of Canada.

The Bank is not an agent of Her Majesty and reports through the Minister of Finance.

The Government's investment in the capital of the Bank is authorized by Section 17 of the Bank of Canada Act. An amount of \$5,000,000 represents the par value of 100,000 shares, and the remaining balance of \$920,000 represents premiums paid in respect of the acquisition, in 1938, of shares held by the public.

During the year, the Bank remitted profit of \$1,937.7 million to the Government.

Canada Ports Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control Canadian harbours, and any other harbour, work or property of Canada transferred by the Governor in Council.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$2.8 million from budgetary appropriations.

Under the authority of the Canada Ports Corporation Act, loans are made to finance capital expenditures of various harbours under the jurisdiction of the Canada Ports Corporation. A summary of the balances and transactions for the loans made to various harbours follows:

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989
	\$	\$	\$	\$
Belledune	912,303	46,967		865,336
Chicoutimi	649,487	28,128		621,359
	1,561,790	75,095		1,486,695

The loans bear interest at rates from 6.44% to 9.09% per annum, and are repayable in equal annual instalments over 20 years, with final instalments on December 31, 2000.

During the year, the Corporation paid interest of \$117,791 to the Government.

Saint John Harbour Bridge Authority

Loans have been made to the Saint John Harbour Bridge Authority in respect of a vehicular bridge across the harbour of Saint John. An agreement between Canada, the Province of New Brunswick, the City of Saint John and the Saint John Harbour Bridge Authority, dated July 7, 1966, requires that debentures issued by the Authority and acquired by the Canada Ports Corporation shall be related exclusively to the financing of the total capital costs of the bridge (see also Table 6.21, Miscellaneous loans, investments and advances).

The loans bear interest at rates from 6.687% to 8.5% per annum, and are repayable in equal semi-annual instalments over 50 to 51 years, with final instalments between January 1, 2020 and January 1, 2021.

During the year, the Authority paid interest of \$1 million to the Government.

Canada Post Corporation

The Corporation was established by the Canada Post Corporation Act, to make postal services available to the public.

The Corporation is an agent of Her Majesty, reports through the Minister or Regional Industrial Expansion and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$250.1 million from budgetary appropriations.

In 1988-89, a loan of \$80,000,000 has been made to the Corporation pursuant to Section 28(2) of the Canada Post Corporation Act, to finance capital and extraordinary restructuring costs.

The Corporation paid interest of \$3.9 million to the Government in 1988-89.

The loan bears interest at the rate of 9.705% per annum, and is repayable in semi-annual instalments over 10 years, with the final instalment on April 27, 1998.

Canadian Broadcasting Corporation

The Corporation was established by the Broadcasting Act, to provide a national broadcasting service in both official languages, and an international broadcasting service predominantly Canadian in content and character.

The Corporation is an agent of Her Majesty and reports through the Minister of Communications.

During the year, the Corporation received financial assistance of \$915.2 million from budgetary appropriations.

Advances have been made to the Corporation for purposes of working capital. The total amount authorized to be outstanding at any time is \$33,000,000.

The advances are non-interest bearing and are repayable using the amounts on hand (cash and marketable securities) which, at any time, are in excess of what is required by the Corporation for working capital purposes.

Canadian Dairy Commission

The Corporation was established by the Canadian Dairy Commission Act, to provide, to efficient producers of milk and cream, the opportunity of obtaining a fair return for their labour and investment, and to provide, to consumers of dairy products, a continuous and adequate supply of high quality dairy products.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture, and is listed in Part I of Schedule III the Financial Administration Act.

During the year, the Corporation received financial assistance of \$4.5 million from budgetary appropriations.

Loans have been made to the Corporation, to finance its dealings in dairy products. The total amount authorized to be outstanding at any time is \$300,000,000.

The loans bear interest at rates from 8.417% to 12.280% per annum, and are repayable within 1 year.

The Corporation paid interest of \$4.6 million to the Government in 1988-89.

Canadian National (West Indies) Steamships Ltd

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to provide steamship services between Canada and the West Indies.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part I of Schedule III of the Financial Administration Act. The Corporation was authorized to be dissolved pursuant to the Crown Corporations Dissolution Authorization Act.

Steps have been initiated to wind-up the Corporation and assign the accounts receivable to the Minister of Finance. As of the year end, however, dissolution had not taken place because of unresolved legal implications with the BankAmerica International (formerly the Bank of America) and the United States Government.

Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

Advances

The advances are repayable from moneys to be received upon collection of the final instalment on the sale of the eight vessels to Cuban interests which was due to be paid August 19, 1963 by an irrevocable letter of credit issued through the BankAmerica International. However, on July 3, 1963, the United States Cuban Assets Control Regulations became effective which prohibited the BankAmerica International from honouring payment of the draft. Since that time, negotiations to obtain a preferred status, in order to collect the receivable, have not been successful. It is the opinion of management, based on legal counsel, that these moneys plus applicable interest will be collected when the regulations are repealed.

A waiver of the application of the statute of limitations has been obtained until January 1, 1989, and further extensions will be obtained as required.

Canadian Saltfish Corporation

The Corporation was established by the Saltfish Act, to improve the earnings of primary producers of cured cod fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the Financial Administration Act.

Loans have been made to the Corporation, pursuant to Section 16 of the Saltfish Act, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, is \$50,000,000.

The loans bear interest at rates from 11.045% to 10.251% per annum, and are repayable between May 1, 1989 and August 5, 1989.

During the year, the Corporation paid interest of \$3.4 million to the Government.

Cape Breton Development Corporation

The Corporation was established by the Cape Breton Development Corporation Act, to stimulate economic adjustment and expansion on Cape Breton Island, while rationalizing the coal industry.

The Corporation is an agent of Her Majesty, reports through the Minister of Regional Industrial Expansion, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$35.8 million from budgetary appropriations.

Advances have been made for the purpose of providing working capital for the coal division of the Corporation. The total amount authorized to be outstanding at any time is \$25,000,000.

The advances are non-interest bearing and have no fixed repayment dates.

Freshwater Fish Marketing Corporation

The Corporation was established by the Freshwater Fish Marketing Act, to regulate interprovincial and export trade in freshwater fish, and to market and trade in fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the Financial Administration Act.

Loans have been made to the Corporation, pursuant to Section 16 of the Freshwater Fish Marketing Act, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, is \$30,000,000.

The loans bear interest at rates from 10.045% to 10.978% per annum, and are repayable between November 16, 1989 and January 13, 1990.

During the year, the Corporation paid interest of \$183,066 to the Government.

Halifax Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Halifax.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Halifax.

The remaining loan bears interest at the rate of 10% per annum, and is repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1996.

During the year, the Corporation paid interest of \$412,392 to the Government.

Mingan Associates, Ltd

The Corporation was established by letters patent, granted under the laws of the Province of Quebec.

The Corporation is not an agent of Her Majesty, reports through the Minister of Indian Affairs and Northern Development, and is listed in Part I of Schedule III of the Financial Administration Act.

In 1983-84, the Government purchased all of the 21,606 common shares without par value of the Corporation for an amount of \$355,000, which was charged to budgetary expenditure (Indian Affairs and Northern Development Vote 10). These shares were purchased to gain ownership of a parcel of land owned by the Corporation which was required to be converted into reserve land. Parliamentary authority will be sought to wind-up the Corporation.

Montreal Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Montreal.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Montreal.

The remaining loan bears interest at the rate of 6.25% per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$459,450 to the Government.

Royal Canadian Mint

The Corporation was established by the Royal Canadian Mint Act, to:

- (a) produce and arrange for the production and supply of coins of the currency of Canada;
- (b) produce coins of the currency of other countries;
- (c) melt, assay, refine, buy and sell gold, silver and other metals for the account of Canada; and,
- (d) make medals, plaques and other things as are incidental to the powers of the Mint.

The Corporation is an agent of Her Majesty, reports through the Minister of Supply and Services, and is listed in Part II of Schedule III of the Financial Administration Act.

Section 3.1(1) of the Royal Canadian Mint Act states that the authorized capital of the Mint is \$40,000,000 divided into four thousand shares of ten thousand dollars each.

Section 17(1) of the Act states that the Mint may borrow money from the Consolidated Revenue Fund or any other source but the aggregate of the amounts loaned to the Mint and outstanding at any time shall not exceed \$50,000,000.

Section 17(3) of the Act states that the Mint shall not borrow money without the approval of the Minister of Finance with respect to the time and the terms and conditions of the transaction.

The loans bear interest at rates from 8.25% to 12% per annum, and are repayable over 1 to 10 years, with final instalments between April 1, 1989 and April 1, 1998.

During the year, the Corporation paid interest of \$2.6 million to the Government.

Saint John Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Saint John.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Saint John.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates from 11% to 11.875% per annum, repayable at maturity on December 31, 1993 and December 31, 1994, \$10,817,600;
- (b) bearing interest at the rate of 12.43% per annum, repayable at maturity on December 31, 2000, \$6,665,062; and,
- (c) bearing interest at the rate of 11.625% per annum, repayable at maturity on December 31, 2005, \$2,569,795.

During the year, the Corporation paid interest of \$2.4 million to the Government.

St John's Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of St John's.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of St John's. During the year, additional loans were

authorized by Transport Vote L50, Appropriation Acts No 1 and No 2, 1988-89.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 9.33% per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000, \$1,395,484;
- (b) bearing interest at the rate of 10.015% per annum, repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1997, \$937,300;
- (c) bearing interest at the rate of 9.785% per annum, repayable in equal annual instalments over 10 years with the final instalment on December 31, 1998, \$750,000; and,
- (d) bearing interest at the rate of 9.375% per annum, repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1998, \$250,000.

During the year, the Corporation paid interest of \$259,468 to the Government.

Vancouver Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Vancouver.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Vancouver.

The remaining loan bears interest at the rate of 7.5% per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$311,097 to the Government.

VIA Rail Canada Inc

The Corporation was incorporated pursuant to the Canada Business Corporations Act, to revitalize passenger rail services in Canada, and to manage and market them on an efficient commercial basis, reducing the financial burden on the Government.

The Corporation is not an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$607.4 million from budgetary appropriations.

The Government's investment in the capital of the Corporation is recorded in this account.

Summary Financial Statements of Crown Corporations

The following tables display details of the assets, liabilities, revenues and expenses of the two classifications of Crown corporations—Enterprise and non-enterprise.

Tables 6.6 and 6.7 present the assets, liabilities, revenues, expenses and changes to the equity of enterprise corporations grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Schedule III, Part II of the Financial Administration Act.

Tables 6.8 and 6.9 present the same accounting information for non-enterprise corporations.

For those corporations having other year ends, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each Crown corporation in accordance with its own respective accounting policies. Most Crown corporations follow the generally accepted accounting principles used by private sector companies, as outlined in the Handbook of the Canadian Institute of Chartered Accountants.

Financial assets include cash, receivables, loans and investments. Physical assets and deferred charges represent the unexpensed portion of non-financial assets such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Financial assets and liabilities in respect of the Government and other Crown corporations represent the unpaid balances arising from financing transactions and normal operating activities. Borrowings from outside parties represent amounts repayable to institutional and other investors. Other liabilities are amounts due in respect of purchases, employee termination and pension benefits, accrued interest on borrowings, long-term capital leases and sundry accounts payable.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between those relating to outside parties, Government and other Crown corporations as well as other adjustments and dividends paid to outside parties. These adjustments may increase or reduce the amount of income accruing to the Government. Equity transactions with the Government include dividends declared, transfers of profits to the Government and non-current financial assistance provided by the Government. In the case of non-enterprise corporations, the line "Conversion to the Government's modified cash basis of accounting" represents the adjustments required to bring the corporations' generally accepted accounting principles basis of accounting to the Government's basis of accounting. Details are provided in the introduction to Tables 6.4 and 6.5.

Crown corporations are defined to include either parent Crown corporations or wholly-owned subsidiaries. A wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations. These tables present consolidated financial information on parent Crown corporations and financial information on unconsolidated wholly-owned subsidiaries.

Volume III of the Public Accounts includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the Government Corporations Operation Act. In accordance with Section 54 of the Financial Administration Act, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the summary financial statements of Canada net of borrowings expected to be repaid directly by these corporations. The gross amounts of such borrowings are included under "Liabilities, Outside Parties". A summary of such borrowings and the changes during the year ended March 31, 1989 is presented in Table 6.10.

Borrowings by non-agent Crown corporations are not, in law, obligations of the Government. However, when the Government expressly guarantees such borrowings, they become potential obligations of the Government. Such guarantees amounted to \$0.3 million as at March 31, 1989. A summary of borrowing transactions by non-agent Crown corporations is presented in Table 6.11. The maturity and currency of all Crown corporations' borrowings is presented in Table 6.12. Contingent liabilities of Crown corporations are presented in Table 6.13.

A summary of financial assistance under Government budgetary appropriations to Crown corporations for the year ended March 31, 1989 is provided in Table 6.14. Differences in figures reported in Tables 6.7 and 6.9 and those reported in Table 6.14 result from the use of different accounting policies and from items in transit.

Consolidation

Note 8 to the audited financial statements in Section 2 of this volume, presents condensed financial statements applying the recommendations of the Public Sector Accounting and Auditing Committee (PSAAC) of the Canadian Institute of Chartered Accountants which, in November 1988, defined the Government reporting entity. PSAAC defined the Government reporting entity as all organizations which are accountable for the administration of their financial affairs and resources either to a Minister of the Government or directly to the legislature and which are owned or controlled by the Government. Based on the definition, the Government's reporting entity would include all Crown corporations as well as all other organizations as described in note 1 (i), Section 2 of this volume.

As disclosed in Note 1 (i) to the audited financial statements, the assets, liabilities, revenues and expenditures reported in the separate financial statements of Crown corporations are not consolidated in the Government's financial statements.

PSAAC recommended the classification of Crown corporations into two groups: enterprise and non-enterprise corporations. The principal criteria differentiating these two groups is their reliance on Government funding as their princi-

pal source of revenue. An enterprise corporation does not rely on Government funding as its principal source of revenue and thus would be accounted for using the modified equity basis of accounting. Non-enterprise corporations would be consolidated.

Modified equity accounting reports the net financial position and operation results of enterprise corporations in Government financial statements without adjusting their accounting principles which are generally accepted for business enterprises.

Consolidation involves the combination of the accounts of non-enterprise corporations on a line-by-line and uniform basis of accounting and eliminating inter-organizational balances and transactions. Before these balances and transactions can be eliminated, the non-enterprise corporations' accounts must be adjusted to the Government's modified cash basis of accounting. Most non-enterprises follow generally accepted accounting principles (GAAP) used by private sector companies. The most significant difference between GAAP and the Government's basis of accounting is that under GAAP, non-financial assets such as buildings, machinery, equipment and

inventories are reflected as assets and written-off over their respective lives or as they are consumed or used. The Government treats the acquisition of non-financial assets as expenditures in the year of acquisition. A further difference is that the Government does not accrue revenue. Details of this conversion of accounting principles can be found in Tables 6.8 and 6.9.

Table 6.4 presents summarized details of the consolidation process as recommended by PSAAC. The data is based on the audited financial statements of the Government and the summary combined financial statements of enterprise Crown corporations (Table 6.5) and its supporting Tables (6.6 and 6.7) and the detailed financial statements of non-enterprise Crown corporations (Tables 6.8 and 6.9). Enterprise corporations show adjustments to Revenues, Financial assets, Annual and Accumulated deficit which represent income of these corporations accruing to the Government for the year. Elimination of inter-entity balances and transactions were made for non-enterprise corporations where material and determinable, as well as the elimination of the investment relating to these corporations.

TABLE 6.4

DETAILS OF THE CONSOLIDATION OF THE GOVERNMENT AND CROWN CORPORATIONS
AS AT MARCH 31, 1989
(in millions of dollars)

	Government	Enterprise	Non-enterprise	Adjustment	Consolidated
CONDENSED STATEMENT OF REVENUE AND EXPENDITURE AND ACCUMULATED DEFICIT					
Revenue	106,185	2,312	5,571	-6,773	107,295
Expenditure	134,919		5,489	5,468	134,940
Deficit for the year	28,734	-2,312	-82	1,305	27,645
Accumulated deficit beginning of the year	292,184		325	-4,708	287,801
Accumulated deficit end of the year	320,918	-2,312	243	-3,403	315,446
CONDENSED STATEMENT OF ASSETS AND LIABILITIES					
FINANCIAL ASSETS					
Enterprise corporations	18,848	2,312		2,744	23,904
Other loans, investments and advances	3,551			-329	3,222
Other financial assets	20,538		1,325	-309	21,554
Total financial assets	42,937	2,312	1,325	2,106	48,680
Accumulated deficit	320,918	-2,312	243	-3,403	315,446
Total	363,855		1,568	-1,297	364,126
LIABILITIES					
Specified purpose accounts	68,418			-7	68,411
Other liabilities	22,080		1,568	-1,228	22,420
Unmatured debt	273,357			-62	273,295
Total liabilities	363,855		1,568	-1,297	364,126
Contingent liabilities	9,241	403	206		9,850

Notes to Tables 6.6 and 6.8 are an integral part of this table.

TABLE 6.5

SUMMARY COMBINED FINANCIAL STATEMENTS OF ENTERPRISE CROWN CORPORATIONS BY SEGMENT
(in thousands of dollars)

	Competitive, self-sustaining	Bank of Canada	Lending and insurance	Marketing	Other	Total
ASSETS AND LIABILITIES AND EQUITY						
AS AT MARCH 31, 1989						
Assets						
Financial						
Outside parties	2,943,928	2,304,366	22,558,026	4,528,796	46,823	32,381,939
Government and other Crown corporations	1,017,821	19,755,183	631,952	60,674	37,332	21,502,962
Total financial assets	3,961,749	22,059,549	23,189,978	4,589,470	84,155	53,884,901
Physical assets and deferred charges	16,333,776	144,545	352,861	943,658	1,066,851	18,841,691
Total assets	20,295,525	22,204,094	23,542,839	5,533,128	1,151,006	72,726,592
Liabilities						
Outside parties						
Borrowings	4,357,006		8,591,562	3,767,331	283	16,716,182
Bank of Canada notes in circulation and amount owing to depositors		21,077,410				21,077,410
Other liabilities	3,838,372	517,947	1,377,964	1,601,553	54,074	7,389,910
Government and other Crown corporations	2,181,529	578,737	14,075,758	141,206	69,499	17,046,729
Total liabilities	10,376,907	22,174,094	24,045,284	5,510,090	123,856	62,230,231
Equity of Canada	9,918,618	30,000	-502,445	23,038	1,027,150	10,496,361
Total liabilities and equity	20,295,525	22,204,094	23,542,839	5,533,128	1,151,006	72,726,592
Contingent liabilities	270,555		118,930	12,729	855	403,069
REVENUES, EXPENSES AND CHANGES IN EQUITY						
FOR THE YEAR ENDED MARCH 31, 1989						
Revenues						
Outside parties	12,545,969		2,512,606	3,889,248	327,364	19,275,187
Government and other Crown corporations						
Financial assistance	311,734		27,009	93,177	1,128	433,048
Other	1,029,106	2,109,705	129,256	182,341	7,293	3,457,701
Total revenues	13,886,809	2,109,705	2,668,871	4,164,766	335,785	23,165,936
Expenses						
Outside parties	12,446,113	172,043	1,130,862	4,130,977	432,326	18,312,321
Government and other Crown corporations	1,144,168		1,251,239	34,807	1,496	2,431,710
Total expenses	13,590,281	172,043	2,382,101	4,165,784	433,822	20,744,031
Net income/loss(-) for the year	296,528	1,937,662	286,770	-1,018	-98,037	2,421,905
Adjustments	-109,931					-109,931
Government share of income/loss (-)	186,597	1,937,662	286,770	-1,018	-98,037	2,311,974
Equity transactions with the Government	-684,172	-1,937,662	6,962		14,847	-2,600,025
Equity of Canada, beginning of the year	10,416,193	30,000	-796,177	24,056	1,110,340	10,784,412
Equity of Canada, end of the year	9,918,618	30,000	-502,445	23,038	1,027,150	10,496,361

Notes to Tables 6.6 and 6.8 are an integral part of this table.

TABLE 6.6

FINANCIAL POSITION OF ENTERPRISE CROWN CORPORATIONS—ASSETS AND LIABILITIES

AS AT MARCH 31, 1989

(in thousands of dollars)

	Assets				Liabilities					
	Financial		Physical assets and deferred charges	Total assets	Outside parties		Government and other Crown corporations	Total liabilities	Equity of Canada	Total liabilities and equity
	Outside parties	Government and other Crown corporations			Borrowings	Other				
Crown corporations⁽¹⁾										
Competitive, self-sustaining										
Air Canada ⁽²⁾										
Canada Development Investment Corporation ⁽³⁾	624,493	187,192	7,535	819,220	525,138	50,502	126,907	702,547	116,673	819,220
Canada Ports Corporation	2,395	73,941	36,600	112,936		3,646	28,199	31,845	81,091	112,936
Canada Post Corporation	372,969	369,941	1,990,978	2,733,888		908,163	183,120	1,091,283	1,642,505	2,733,888
Canadian National Railway System	439,491	139,476	6,358,261	6,947,228	1,715,358	1,537,027	281,862	3,534,267	3,412,961	6,947,228
Halifax Port Corporation	4,335	5,397	56,784	66,516		2,885	3,820	6,705	59,811	66,516
Montreal Port Corporation	7,198	62,299	156,444	225,941		12,910	7,702	20,612	205,329	225,941
Petro-Canada ⁽⁴⁾	1,428,953	28,281	7,249,629	8,706,863	2,096,814	1,274,130	1,384,111	4,755,055	3,951,808	8,706,863
Port of Quebec Corporation	1,705	25,966	42,116	69,787		3,632	353	3,985	65,802	69,787
Prince Rupert Port Corporation	828	15,276	74,043	90,147		2,487	48,300	50,787	39,360	90,147
Royal Canadian Mint	42,235	14,017	67,049	123,301		22,860	88,764	111,624	11,677	123,301
Saint John Port Corporation	639	12,048	79,429	92,116	19,696	1,324	20,682	41,702	50,414	92,116
St John's Port Corporation	583	1,351	14,486	16,420		821	3,425	4,046	12,374	16,420
Teleglobes Canada ⁽⁵⁾	2,937			2,937			225	225	2,712	2,937
Vancouver Port Corporation	15,167	82,636	190,422	288,225		18,185	4,039	22,224	266,001	288,225
Total-Competitive, self-sustaining	2,943,928	1,017,821	16,333,776	20,295,525	4,357,006	3,838,372	2,181,529	10,376,907	9,918,618	20,295,525
Bank of Canada	2,304,366	19,755,183	144,545	22,204,094		21,595,357	578,737	22,174,094	30,000	22,204,094
Lending and insurance										
Canada Deposit Insurance Corporation	656,090	16,434	904	673,428		1,133	1,734,131	1,735,264	-1,061,836	673,428
Canada Mortgage and Housing Corporation	9,047,909	34,438	15,676	9,098,023		29,397	9,018,626	9,048,023	50,000	9,098,023
Insurance Programs	43,766	529,285	164,027	737,078		797,700	8,534	806,234	-69,156	737,078
Export Development Corporation	6,456,501	5,165		6,461,666	5,198,057	366,251	-7,264	5,557,044	904,822	6,461,666
Farm Credit Corporation	3,874,263	3,702	153,754	4,031,719	1,328,156	54,466	3,320,288	4,702,910	-671,191	4,031,719
Federal Business Development Bank	2,479,497	42,928	18,500	2,540,925	2,065,349	129,017	1,443	2,195,809	345,116	2,540,925
Total-Lending and insurance	22,558,026	631,952	352,861	23,542,839	8,591,562	1,377,964	14,075,758	24,045,284	-502,445	23,542,839
Marketing										
Canadian Commercial Corporation	684,551	1,763		686,314		650,451	2,096	652,547	33,767	686,314
Canadian Dairy Commission										
Marketing operations	22,971	47,314	95,354	165,639		91,437	74,202	165,639		165,639
Canadian Salfish Corporation	22,668		9,800	32,468		1,957	41,240	43,197	-10,729	32,468
Canadian Wheat Board, The	3,790,283	11,394	815,749	4,617,426	3,767,331	843,496	6,599	4,617,426		4,617,426
Freshwater Fish Marketing Corporation	8,323	203	22,755	31,281		14,212	17,069	31,281		31,281
Total-Marketing	4,528,796	60,674	943,658	5,533,128	3,767,331	1,601,553	141,206	5,510,090	23,038	5,533,128
Other										
Atlantic Pilotage Authority	676	5	1,413	2,094	275	1,209	232	1,716	378	2,094
Cape Breton Development Corporation ⁽⁶⁾	14,172	58	519,791	534,021		15,876	69,192	85,068	448,953	534,021
Great Lakes Pilotage Authority, Ltd.	1,971		25	1,996		3,283		3,283	-1,287	1,996
Laurentian Pilotage Authority	2,711		735	3,446		3,449		3,449	-3	3,446
Northern Canada Power Commission ⁽⁷⁾										
Pacific Pilotage Authority	3,639		767	4,406		1,773		1,773	2,633	4,406
St. Lawrence Seaway Authority, The	23,400	37,269	543,874	604,543		28,000	75	28,075	576,468	604,543
Seaway International Bridge Corporation, Ltd, The	254		246	500		8	484	492	8	500
Total-Other	46,823	37,332	1,066,851	1,151,006	283	54,074	69,499	123,856	1,027,150	1,151,006
Total-Enterprise	32,381,393	21,502,962	18,841,691	72,726,592	16,716,182	28,467,320	17,046,729	62,230,231	10,496,361	72,726,592

⁽¹⁾ All Crown corporations listed in this table are parent Crown corporations except the Seaway International Bridge Corporation, Ltd which is an unconsolidated subsidiary.⁽²⁾ An act to provide the continuance of Air Canada under the Canada Business Corporations Act and for the issuance and sale of shares thereof to the public received Royal Assent August 18, 1988. The Corporation's name has been deleted from the Financial Administration Act, Part II, Schedule III. During the 1988-89 fiscal year, the Corporation sold 30,769,469 common shares to the public, reducing the Government's equity in Air Canada to 57% of share capital in circulation. On July 5, 1989, the remaining shares held by the Government were offered to the public.⁽³⁾ Canada Development Investment Corporation: Eldorado Nuclear Limited, a wholly-owned corporation substantially disposed of its assets effective October 5, 1988, to Cameco—a Canadian Mining & Energy Corporation, in consideration for a 38.5% shareholding and notes. The remaining assets and liabilities are consolidated as at March 31, 1989. The net income of CDIC includes the income of Eldorado calculated on an equity basis of accounting to September 1988. On September 30, 1988, CDIC acquired the shares of Nordion International Inc. and Theratronics International Limited, two former divisions of Atomic Energy of Canada Limited. These corporations are accounted for on the equity basis of accounting by CDIC with the net result that their net assets of \$116,587 as at March 31, 1989 are reflected under Assets—Government and other Crown corporations.⁽⁴⁾ Subsequent to March 31, 1989, Petro-Canada announced a retroactive change in accounting policy. This change is not reflected in the values reported in Tables 6.5, 6.6 and 6.7. However, it has been reflected in the adjustments in Table 6.4. The effect was to reduce the government's equity by \$1,188 million.⁽⁵⁾ On April 4, 1987, the Teleglobes Canada Reorganization and Divestiture Act received Royal Assent pursuant to the letter of intent signed February 11, 1987 selling the assets of Teleglobes Canada to Memotec Data Inc. The Corporation is potentially liable for bills of exchange. The liability amounts to £20,635,442 (\$44,576,682) as at March 31, 1989 and matures in 1993.⁽⁶⁾ Cape Breton Development Corporation's Industrial Development Division was incorporated as the Enterprise Cape Breton Corporation, a non-enterprise corporation, on December 1st 1988.⁽⁷⁾ The Act enabling the Northern Canada Power Commission to issue shares, to authorize the sale of those shares to the Government of the Northwest Territories and to repeal the Northern Canada Power Commission Act as well as deleting it from Schedule III of the Financial Administration Act received Royal Assent on April 27, 1988.

TABLE 6.7

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF ENTERPRISE CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1989
(in thousands of dollars)

	Revenues				Expenses				Government's share of net income/loss(-)	Equity transactions with Government	Equity beginning of year	Equity end of year
	Outside parties	Financial assistance ⁽¹⁾	Other	Total	Outside parties	Government and Crown corporations	Adjustment					
Crown corporations												
Competitive, self-sustaining												
Air Canada ⁽²⁾										-570,078	570,078	
Canada Development Investment Corporation	8,438		4,432	12,870	83,445	35,341		-105,916		222,589	116,673	
Canada Ports Corporation	6,092		5,361	11,453	26,495	-6,868		-8,174		89,465	81,091	
Canada Post Corporation	3,050,519	250,593	207,522	3,508,634	2,990,595	421,852	65,700	30,487		1,612,118	1,642,605	
Canadian National Railway System	3,926,405		587,771	4,514,176	4,150,556	210,592		153,028	-8,889	3,268,822	3,412,961	
Halifax Port Corporation	15,638		603	16,241	11,520	890		3,831	-159	56,139	59,811	
Montreal Port Corporation	47,879		16,577	64,456	48,612	3,049		12,795	-3,305	195,839	205,329	
Petro-Canada	4,630,687	61,141	112,549	4,804,377	4,269,232	428,578	44,165	62,402		3,889,406	3,951,808	
Port of Quebec Corporation	10,234		3,522	13,756	10,895	1,735		1,126	-387	65,063	65,802	
Prince Rupert Port Corporation	14,242		1,393	15,635	10,485			5,150	-2,067	36,277	39,360	
Royal Canadian Mint	764,274		80,589	844,863	805,872	40,441	66	-1,516		13,193	11,677	
Saint John Port Corporation	11,458		942	12,400	7,623	3,120		1,657		48,757	50,414	
St. John's Port Corporation	2,676		253	2,929	2,198	623		108		12,266	12,374	
Telelobe Canada	5,164			5,164	91	2,176		2,897	-85,000	84,815	2,712	
Vancouver Port Corporation	52,263		7,592	59,855	28,494	2,639		28,722	-14,087	251,366	266,001	
Total-Competitive, self-sustaining	12,545,969	311,734	1,029,106	13,886,809	12,446,113	1,144,168	109,931	186,597	-684,172	10,416,193	9,918,618	
Bank of Canada			2,109,705	2,109,705	172,043			1,937,662	-1,937,662	30,000	30,000	
Lending and insurance												
Canada Deposit Insurance Corporation	208,696		2,160	210,856	-20,807	157,339		74,324		-1,136,160	-1,061,836	
Canada Mortgage and Housing Corporation	815,276		78,236	893,512	25,907	816,567		51,038	-51,038	50,000	50,000	
Insurance Programs	137,593		48,391	185,984	5,576			180,408		-249,564	-69,156	
Export Development Corporation	618,863		469	617,332	618,751	-5,912		4,493		900,129	904,622	
Farm Credit Corporation	407,525			407,525	153,736	288,351		-34,562		-636,629	-671,191	
Federal Business Development Bank	326,653	27,009		353,662	347,699	-5,106		11,069	58,000	276,047	345,116	
Total-Lending and insurance	2,512,606	27,009	129,256	2,668,871	1,130,862	1,251,239		286,770	6,962	-796,177	-502,445	
Marketing												
Canadian Commercial Corporation	645,058	15,297		660,355	647,935	8,093		4,327		29,440	33,767	
Canadian Dairy Commission												
Marketing operations	373,745		11,376	385,121	363,885	21,236						
Canadian Saltfish Corporation	66,839		3,768	70,607	71,163	4,789						
Canadian Wheat Board, The	2,748,182	77,880	167,197	2,993,259	2,993,259			-5,345		-5,384	-10,729	
Freshwater Fish Marketing Corporation	55,424			55,424	54,735	689						
Total-Marketing	3,889,248	93,177	182,341	4,164,766	4,130,977	34,807		-1,018		24,056	23,038	
Other												
Atlantic Pilotage Authority	7,013	110	15	7,138	6,924	20		194		334	-150	378
Cape Breton Development Corporation	186,518		4,194	190,712	287,934			-97,222	28,000	518,175	448,953	
Great Lakes Pilotage Authority, Ltd.	9,590	1,018		10,608	9,504			1,104		-2,391	-1,287	
Laurentian Pilotage Authority	26,935			26,935	28,735			-1,800		2,630	-833	-3
Northern Canada Power Commission										-16,117	16,117	
Pacific Pilotage Authority	26,666			26,666	26,657			9		2,524	2,633	
St. Lawrence Seaway Authority, The	68,893		3,084	71,977	71,045	1,254		-322		576,790	576,468	
Seaway International Bridge Corporation, Ltd., The	1,749			1,749	1,527	222					8	8
Total-Other	327,364	1,128	7,293	335,785	432,326	1,496		-98,037	14,847	1,110,340	1,027,150	
Total-Enterprise	19,275,187	433,048	3,457,701	23,165,936	18,312,321	2,431,710	109,931	2,311,974	-2,600,025	10,784,412	10,496,361	

⁽¹⁾ This column records only that portion of financial assistance received or receivable from the federal Government that has been credited to operations. A further amount of \$88,964 representing capital and operating appropriations received by the corporations is included in "Equity transactions with Government". Revenues "Other" include amounts generated from the sale of goods and services, investment income as well as grants where the corporations qualify as a member of a general class of recipients. The total financial assistance accounted for by the corporations during the year does not agree with the amount reported in Table 6.14 because of differences resulting from the different accounting policies followed.

⁽²⁾ This amount represents Air Canada's net assets as at March 31, 1988. As the Corporation is no longer listed as a Crown corporation in the Financial Administration Act Part II Schedule III, it is now reported in Table 6.20--Joint and Mixed Enterprises.

TABLE 6.8

FINANCIAL POSITION OF NON-ENTERPRISE CROWN CORPORATIONS — ASSETS AND LIABILITIES
AS AT MARCH 31, 1989
(in thousands of dollars)

	Assets				Liabilities					
	Financial			Total assets	Outside parties		Government and other Crown corporations	Total liabilities	Equity of Canada	Total liabilities and equity
	Outside parties	Government and other Crown corporations	Physical assets and deferred charges		Borrowings	Other				
Crown corporations ⁽¹⁾										
Atomic Energy of Canada Limited	851,629	118,398	23,880	993,907	20,997	137,643	619,557	778,197	215,710	993,907
Canada Council	79,102	36,882	14,710	130,694		30,392	427	30,819	99,875	130,694
Canada Harbour Place Corporation	1,272	13	68,054	69,339		392		392	68,947	69,339
Canada Lands Company Limited										
Canada Lands Company (Le Vieux-Port de Montréal) Limited	1,835		4	1,839		1,494	345	1,839		1,839
Canada Lands Company (Mirabel) Limited	657	518		1,175		454	721	1,175		1,175
Canada Lands Company (Vieux-Port de Québec) Inc.	717	371		1,088		8	877	885	203	1,088
Canada Mortgage and Housing Corporation										
Minister's Account										
Canada Museums Construction Corporation Inc.	530	20,423	156,178	177,131		21,200	458	21,658	155,473	177,131
Canadian Broadcasting Corporation	70,300	26,111	772,768	869,179		284,245	33,000	317,245	551,934	869,179
Canadian Dairy Commission										
Dairy Support Operation Financed by the Government of Canada										
Canadian Film Development Corporation	12,723	18,847	3,473	35,043		10,814		10,814	24,229	35,043
Canadian Institute for International Peace and Security	1,753		403	2,156		409		409	1,747	2,156
Canadian Livestock Feed Board	314	2,068		2,382		2,311		2,311	71	2,382
Canadian National (West Indies) Steamships Ltd. ⁽²⁾⁽³⁾	1,254	95		1,349		14	324	338	1,011	1,349
Canadian Patents and Development Limited	1,367	88	10	1,465		996	8	1,004	461	1,465
Canertech Inc. ⁽⁴⁾	14,551			14,551		348	29,550	29,898	-15,347	14,551
Defence Construction (1951) Limited	393	378	241	1,012		3,469	329	3,798	-2,786	1,012
Enterprise Cape Breton Corporation ⁽⁵⁾	28,687	84	8,690	37,461		855	59	914	36,547	37,461
Industrial Development Division										
Harbourfront Corporation	20,312	7,757	6,892	34,961		4,029		4,029	30,932	34,961
International Centre for Ocean Development	354	982		1,336		636	655	1,291	45	1,336
International Development Research Centre	28,134		6,165	34,299		19,542	869	20,411	13,888	34,299
Jacques Cartier and Champlain Bridges Incorporated, The	306	5,686	17,963	23,955		3,066	381	3,447	20,508	23,955
Marine Atlantic Inc.	5,201	4,072	301,399	310,672		308,731	2,960	311,691	-1,019	310,672
Mingan Associates, Ltd. ⁽⁶⁾			355	355					355	355
National Arts Centre Corporation	2,209	252	5,928	8,389		5,138	775	5,913	2,476	8,389
National Capital Commission	12,034	597	311,808	324,439		37,515	4,142	41,657	282,782	324,439
Standards Council of Canada	677	471	459	1,607		864	50	914	693	1,607
VIA Rail Canada Inc.	12,843	187,145	859,011	1,058,999		179,538	26,961	206,499	852,500	1,058,999
Total Non-enterprise	1,149,154	431,238	2,558,391	4,138,783	20,997	1,054,103	722,448	1,797,548	2,341,235	4,138,783
Conversion to the Government's modified cash basis of accounting	-133,563	-122,526	-2,558,391	-2,814,480		-44,981	-184,581	-229,562	-2,584,918	-2,814,480
Total combined Non-enterprise corporations	1,015,591	308,712		1,324,303	20,997	1,009,122	537,867	1,567,986	-243,683	1,324,303

⁽¹⁾ All Crown corporations listed in this table are parent Crown corporations except the following unconsolidated subsidiaries: Canada Lands Company (Mirabel) Limited, Canada Lands Company (Le Vieux-Port de Montréal) Limited, Canada Lands Company (Vieux-Port de Québec) Inc., Canertech Inc., and The Jacques Cartier and Champlain Bridges Incorporated.

⁽²⁾ On October 20, 1985, an Act procuring the dissolution of certain Crown corporations authorized the Minister responsible for Canadian National (West Indies) Steamships Ltd. to dissolve the Corporation.

⁽³⁾ The Corporation is inactive.

⁽⁴⁾ Petro-Canada has been authorized to dissolve Canertech Inc. and dispose of its investments on October 9, 1986.

⁽⁵⁾ The Corporation is being wound up.

⁽⁶⁾ Cape Breton Development Corporation's Industrial Development Division was incorporated as Enterprise Cape Breton Corporation on December 1, 1988, a non-enterprise corporation.

TABLE 6.9

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF NON-ENTERPRISE CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1989

(in thousands of dollars)

Crown corporations	Revenues				Expenses			Government's share of net income/loss(-)	Equity transactions with Government	Equity beginning of year	Equity end of year
	Outside parties	Government and Crown corporations			Outside parties	Government and Crown corporations	Adjustment				
		Financial assistance ⁽¹⁾	Other	Total							
Atomic Energy of Canada Limited ..	253,920	185,188	1,576	440,684	198,223	219,228		23,233	-14,911	207,388	215,710
Canada Council	6,539	93,251	3,971	103,761	110,591			-6,830	3,035	103,670	99,875
Canada Harbour Place Corporation ..	5,124		194	5,318	6,837	194		-1,713	-11,640	82,300	68,947
Canada Lands Company Limited											
Canada Lands Company (Le Vieux-Port de Montréal) Limited											
Canada Lands Company (Mirabel) Limited											
Canada Lands Company (Vieux-Port de Québec) Inc										203	203
Canada Mortgage and Housing Corporation											
Minister's Account		1,571,400		1,571,400	1,571,400						
Canada Museums Construction Corporation Inc									-70,624	226,097	155,473
Canadian Broadcasting Corporation ..	357,644	810,368	5,402	1,173,414	1,236,279			-62,865	107,206	507,593	551,934
Canadian Dairy Commission											
Dairy Support Operation Financed by the Government of Canada ..		296,694		296,694	296,694						
Canadian Film Development Corporation	14,311	128,868		143,179	137,770	1,073		4,336		19,893	24,229
Canadian Institute for International Peace and Security	138	5,000		5,138	4,988			150		1,597	1,747
Canadian Livestock Feed Board		18,925	2	18,927	18,802	231		-106		177	71
Canadian National (West Indies) Steamships Ltd	97			97				97		914	1,011
Canadian Patents and Development Limited	1,902	1,246	98	3,246	3,110			136		325	461
Canertech Inc	1,372			1,372	100			1,272		-16,619	-15,347
Defence Construction (1951) Limited	643	13,675		14,318	14,163			155		-2,941	-2,786
Enterprise Cape Breton Corporation ..	872	2,800	18	3,690	2,429			1,261	35,286		36,547
Industrial Development Division ..	3,029	7,800	36	10,865	9,785			1,080	-31,343	30,263	
Harbourfront Corporation	12,615		1,057	13,672	19,023			-5,351	-1,947	38,230	30,932
International Centre for Ocean Development	37	8,000	504	8,541	8,529			12		33	45
International Development Research Centre	4,661	114,200	2,431	121,292	115,975			5,317		8,571	13,888
Jacques Cartier and Champlain Bridges Incorporated, The	8,686	8,613	345	17,644	15,763	3,019		-1,138	8	21,638	20,508
Marine Atlantic Inc	63,339	117,548	3,582	184,469	175,039	8,455		975		-1,994	-1,019
Mingan Associates, Ltd										355	355
National Arts Centre Corporation ..	18,297	15,648	1,089	35,034	33,578	986		470		2,006	2,476
National Capital Commission	16,287	91,312	2,623	110,222	101,071	12,192		-3,041		285,823	282,782
Standards Council of Canada	1,061	6,924	426	8,411	7,819	642		-50		743	693
VIA Rail Canada Inc	222,364	520,857	7,826	751,047	662,875	102,259		-14,087	78,392	788,195	852,500
Total Non-enterprise	992,938	4,018,317	31,180	5,042,435	4,750,843	348,279		-56,687	93,462	2,304,460	2,341,235
Conversion to the Government's modified cash basis of accounting ..	204,828	297,551	25,475	527,854	334,380	55,891		137,583	-93,462	-2,629,039	-2,584,918
Total combined Non-enterprise corporations	1,197,766	4,315,868	56,655	5,570,289	5,085,223	404,170		80,896		-324,579	-243,683

⁽¹⁾ This column records only that portion of financial assistance received or receivable from the federal Government that has been credited to operations. A further amount of \$252,729 representing capital and operating appropriations received by the corporations is included in "Equity transactions with Government". Revenues "Other" include amounts generated from the sale of goods and services, investment income as well as grants where the corporations qualify as a member of a general class of recipients. The total financial assistance accounted for by the corporations during the year does not agree with the amount reported in Table 6.14 because of differences resulting from the different accounting policies followed.

Borrowings by Agent Crown Corporations

Table 6.10 summarizes the borrowing transactions by agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy Section 49 of the Financial Administration Act (FAA) which requires that "An annual statement of all borrowing transactions on behalf of Her Majesty shall be included in the Public Accounts". The borrowings are from other than the Government. In accordance with Section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrow-

ings therefore constitute obligations of the Government and are recorded as such in the summary financial statements of Canada net of borrowings expected to be repaid directly by these corporations. As at March 31, 1989, an allowance for borrowings expected to be repaid by the Government was established at \$450 million.

Borrowings by non-agent Crown corporations are not included in this table because such borrowings are not on behalf of Her Majesty. Table 6.11 provides information on borrowings of such corporations.

TABLE 6.10

BORROWINGS BY AGENT CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1988	Borrowings and other credits	Repayments and other charges	Balance March 31/1989
Atomic Energy of Canada Limited	22,486	1,811	3,300	20,997
Canada Deposit Insurance Corporation	496,771	62,829	559,600	
Canada Development Investment Corporation	625,670	79,431	179,963	525,138
Canadian Wheat Board, The	3,797,800	12,135,181	12,165,650	3,767,331
Export Development Corporation	5,257,204	33,711,531	33,770,678	5,198,057
Farm Credit Corporation	1,328,156			1,328,156
Federal Business Development Bank	1,915,936	5,439,502	5,290,089	2,065,349
Petro-Canada	1,369,029	6,956,955	6,229,170	2,096,814
Saint John Port Corporation	19,696			19,696
Seaway International Bridge Corporation, Ltd, The	8			8
Teleglob Canada ^(a)				
Total	14,832,756	58,387,240	58,198,450	15,021,546
Allowance for borrowings of agent Crown corporations expected to be repaid by the Government	-450,000			-450,000
Borrowings expected to be repaid by agent Crown corporations reported on the Statement of Assets and Liabilities	14,382,756	58,387,240	58,198,450	14,571,546

Notes to Tables 6.6 and 6.8 are an integral part of this table.

Borrowings by Crown Corporations

Table 6.11 summarizes the borrowing transactions of agent and non-agent Crown corporations. Borrowings of non-agent Crown corporations are not on behalf of Her Majesty.

TABLE 6.11

BORROWINGS BY CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1988	Borrowings and other credits	Repayments and other charges	Balance March 31/1989
Borrowings by agent Crown corporations	14,832,756	58,387,240	58,198,450	15,021,546
Borrowings by non-agent Crown corporations—				
Air Canada	1,430,249		1,430,249	
Atlantic Pilotage Authority	484		209	275
Canadian National Railway System	2,525,682	5,708	816,032	1,715,358
Laurentian Pilotage Authority	926		926	
National Arts Centre Corporation		3,233	3,233	
Marine Atlantic Inc	212		212	
Total	3,957,553	8,941	2,250,861	1,715,633
Total	18,790,309	58,396,181	60,449,311	16,737,179

Notes to Tables 6.6 and 6.8 are an integral part of this table.

Maturity and Currency of Borrowings by Crown Corporations

Table 6.12 summarizes the maturity and currency of borrowings by agent and non-agent Crown corporations, as at March 31, 1989.

TABLE 6.12

MATURITY AND CURRENCY OF BORROWINGS BY CROWN CORPORATIONS (in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
1990	7,151,032	43,774	7,194,806
1991	3,012,150	50,792	3,062,942
1992	989,947	53,783	1,043,730
1993	987,298	41,413	1,028,711
1994	685,335	145,330	830,665
1995/99	1,568,405	618,180	2,186,585
2000/04	249,723	449,506	699,229
2005 and after	377,656	312,855	690,511
Total	15,021,546	1,715,633	16,737,179 ⁽¹⁾

Notes to Tables 6.6 and 6.8 are an integral part of this table.

(1) The borrowings are composed of U.S.\$ 9,221,732, £ 2,023, SF 197,284, ¥ 439,863, Aust\$ 66,432, N.Z.\$ 39,700, DM 110,793, ECU 53,049, Cdn\$ 6,606,303.

Contingent Liabilities of Crown Corporations

Table 6.13 summarizes the contingent liabilities of Crown corporations. A contingent liability is defined as a potential

liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 6.13

CONTINGENT LIABILITIES OF CROWN CORPORATIONS (in thousands of dollars)

	March 31, 1989
Agent Crown corporations	
Canada Mortgage and Housing Corporation-insulation claims and other litigation	52,700
Canada Museums Construction Corporation Inc-contract disputes	15,000
Canada Ports Corporation-miscellaneous litigation	1,897
Canadian Commercial Corporation-contract damages	7,544
Canadian Saltfish Corporation-loan guarantee	5,185
Canertech Inc-miscellaneous litigation	77,000
Enterprise Cape Breton Corporation-loan guarantee	40,300
Defence Construction [1951] Limited-contract disputes	6,732
Export Development Corporation-loan guarantees and loans with recourse	63,000
Federal Business Development Bank-loan guarantees	3,230
Halifax Port Corporation-miscellaneous litigation	120
Montreal Port Corporation-miscellaneous litigation	7,811
National Capital Commission-miscellaneous litigation and agreements	36,391
Petro-Canada-loan guarantee	135,000
Port of Quebec Corporation-miscellaneous litigation	3,515
St John's Port Corporation-miscellaneous litigation	535
St Lawrence Seaway Authority-claims for damages	77,100
Teleglobe Canada-guaranteed bills of exchange	44,577
	577,637
Non-agent Crown corporations	
Atlantic Pilotage Authority-miscellaneous litigation	855
Marine Atlantic Inc-contract disputes	30,900
	31,755
Total	609,392

Notes to Tables 6.6 and 6.8 are an integral part of this table.

Financial Assistance Under Budgetary Appropriations to Crown Corporations

Table 6.14 summarizes financial assistance under budgetary appropriations for both agent and non-agent Crown corporations. It should be read in conjunction with Tables 6.7 and 6.9. The purpose for which payments have been made under budgetary

appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

TABLE 6.14

FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1989 (in thousands of dollars)

	Financial assistance	Purpose	
	under budgetary appropriations ⁽¹⁾	Operations	Capital expenditures
Agent Crown corporations			
Atomic Energy of Canada Limited	203,077	203,077	
Canada Lands Company (Le Vieux-Port de Montréal) Limited	7,302	7,302	
Canada Lands Company (Mirabel) Limited	5,450	5,450	
Canada Mortgage and Housing Corporation ⁽²⁾	1,596,962	1,596,962	
Canada Museums Construction Corporation Inc	67,959		67,959
Canada Ports Corporation	2,775	2,775	
Canada Post Corporation	250,093	250,093	
Canadian Broadcasting Corporation	915,249	814,368	100,881
Canadian Commercial Corporation	15,297	15,297	
Canadian Dairy Commission	296,694	296,694	
Canadian Film Development Corporation	128,868	128,868	
Canadian Livestock Feed Board	19,057	19,057	
Canadian Patents and Development Limited	1,246	1,246	
Canadian Wheat Board, The	182,518	182,518	
Cape Breton Development Corporation	35,800	7,800	28,000
Defence Construction [1951] Limited	14,000	14,000	
Enterprise Cape Breton Corporation	3,420	3,420	
Export Development Corporation	59,516	59,516	
Federal Business Development Bank	63,377	63,377	
National Capital Commission	91,312	64,821	26,491
Petro-Canada	60,500	60,500	
St Lawrence Seaway Authority, The	25,400	25,400	
	4,045,872	3,822,541	223,331
Non-agent Crown corporations			
Atlantic Pilotage Authority	492	492	
Canada Council	93,251	93,251	
Canadian Institute for International Peace and Security	5,000	5,000	
Canadian National Railway System	13,992	13,992	
International Centre for Ocean Development	8,000	8,000	
International Development Research Centre	114,200	114,200	
Jacques Cartier and Champlain Bridges Incorporated, The	8,783	8,783	
Laurentian Pilotage Authority	1,587	1,587	
Marine Atlantic Inc.	126,481	126,481	
National Arts Centre Corporation	17,820	17,820	
Standards Council of Canada	6,924	6,924	
VIA Rail Canada Inc	607,438	607,438	
	1,003,968	1,003,968	
Total	5,049,840	4,826,509	223,331

⁽¹⁾ Excludes grants and contributions paid to agent and non-agent Crown corporations where they qualify as members of a general class of recipients.

⁽²⁾ Includes budgetary appropriations for Government programs and insurance funds administered by the Corporation on behalf of the Government.

PROVINCIAL AND TERRITORIAL GOVERNMENTS

This group records loans to provinces made under relief acts and other legislation.

Table 6.15 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments.

TABLE 6.15

PROVINCIAL AND TERRITORIAL GOVERNMENTS

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (-)	
	\$	\$	\$	\$	1989	1988
					\$	\$
NEWFOUNDLAND—						
Atlantic Canada Opportunities Agency—						
Special areas and highways agreement	30,045,400	2,516,394		27,529,006	-2,516,394	-2,322,622
Finance—						
Federal-provincial employment loans program	3,661,214			3,661,214		
Federal-provincial fiscal arrangements			3,839,751	3,839,751	3,839,751	
Municipal Development and Loan Board	4,839,366	229,707		4,609,659	-229,707	-204,169
Special development loans program	6,700,000			6,700,000		
Winter capital projects fund	6,951,801	6,828		6,944,973	-6,828	-37,511
	22,152,381	236,535	3,839,751	25,755,597	3,603,216	-241,680
Regional Industrial Expansion—						
Atlantic Development Board carry-over projects	925,434	40,938		884,496	-40,938	-48,061
Atlantic Provinces Power Development Act	73,343,863	2,219,965		71,123,898	-2,219,965	-2,074,800
	74,269,297	2,260,903		72,008,394	-2,260,903	-2,122,861
Total Newfoundland	126,467,078	5,013,832	3,839,751	125,292,997	-1,174,081	-4,687,163
NOVA SCOTIA—						
Atlantic Canada Opportunities Agency—						
Special areas and highways agreement	18,928,227	1,677,653		17,250,574	-1,677,653	-2,048,840
Energy, Mines and Resources—						
Regional electrical interconnections	2,472,354	33,499		2,438,855	-33,499	-30,382
Finance—						
Federal-provincial employment loans program	1,676,948	655,145		1,021,803	-655,145	-612,554
Municipal Development and Loan Board	1,140,318	91,638		1,048,680	-91,638	-117,667
Special development loans program	4,300,000			4,300,000		
Winter capital projects fund	3,726,660	338,157		3,388,503	-338,157	-310,293
	10,843,926	1,084,940		9,758,986	-1,084,940	-1,040,514
Regional Industrial Expansion—						
Atlantic Development Board carry-over projects	3,650,145	174,122		3,476,023	-174,122	-161,821
Atlantic Provinces Power Development Act	37,818,399	2,011,861		35,806,538	-2,011,861	-1,891,880
	41,468,544	2,185,983		39,282,561	-2,185,983	-2,053,701
Total Nova Scotia	73,713,051	4,982,075		68,730,976	-4,982,075	-5,173,437
PRINCE EDWARD ISLAND—						
Atlantic Canada Opportunities Agency—						
Comprehensive development plan agreement	11,028,705	203,962		10,824,743	-203,962	-188,809
Finance—						
Federal-provincial employment loans program	160,787	18,727		142,060	-18,727	-17,545
Federal-provincial fiscal arrangements	3,687,000	3,687,000			-3,687,000	3,687,000
Municipal Development and Loan Board	664,424	33,050		631,374	-33,050	-34,226

TABLE 6.15

PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Continued*

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (—)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Special development loans program	133,426			133,426		—28,421
Winter capital projects fund	954,667 5,600,304	61,237 3,800,014		893,430 1,800,290	—61,237 —3,800,014	—56,758 3,550,050
Regional Industrial Expansion— Atlantic Development Board carry-over projects	21,522	1,328		20,194	—1,328	—1,235
Total Prince Edward Island	16,650,531	4,005,304		12,645,227	—4,005,304	3,360,006
NEW BRUNSWICK—						
Atlantic Canada Opportunities Agency—						
Special areas and highways agreement	35,241,253	2,597,461		32,643,792	—2,597,461	—2,405,289
Energy, Mines and Resources—						
Regional electrical intercon- nections	4,680,616	64,211		4,616,405	—64,211	—58,720
Finance—						
Federal-provincial employment loans program	5,890,533	201,901		5,688,632	—201,901	—189,341
Federal-provincial fiscal arrange- ments			8,841,342	8,841,342	8,841,342	—2,352,000
Municipal Development and Loan Board	5,252,323	117,553		5,134,770	—117,553	—152,233
Special development loans program	5,375,000			5,375,000		
Winter capital projects fund	9,298,717 25,816,573	99,756 419,210	8,841,342	9,198,961 34,238,705	—99,756 8,422,132	—101,888 —2,795,462
Regional Industrial Expansion— Atlantic Development Board carry-over projects	761,353	41,325		720,028	—41,325	—38,441
Atlantic Provinces Power Development Act	37,790,584 38,551,937	1,940,341 1,981,666		35,850,243 36,570,271	—1,940,341 —1,981,666	—1,832,544 —1,870,985
Total New Brunswick	104,290,379	5,062,548	8,841,342	108,069,173	3,778,794	—7,130,456
QUEBEC—						
Finance—						
Federal-provincial employment loans program	61,300,779			61,300,779		
Municipal Development and Loan Board	41,666,381	2,134,088		39,532,293	—2,134,088	—2,488,922
Special development loans program	70,300,000			70,300,000		
Winter capital projects fund	91,314,928 264,582,088	2,134,088		91,314,928 262,448,000	—2,134,088	—2,488,922
Regional Industrial Expansion— Special areas and highways agreement	94,907,259	2,573,825		92,333,434	—2,573,825	—2,382,441
Total Quebec	359,489,347	4,707,913		354,781,434	—4,707,913	—4,871,363
ONTARIO—						
Finance—						
Federal-provincial employment loans program	7,711,825	956,427		6,755,398	—956,427	—894,091
Municipal Development and Loan Board	10,179,873	1,357,165		8,822,708	—1,357,165	—3,413,744
Special development loans program	1,102,326	193,568		908,758	—193,568	—235,754
Winter capital projects fund	26,659,134	2,298,089		24,361,045	—2,298,089	—2,109,708
Total Ontario	45,653,158	4,805,249		40,847,909	—4,805,249	—6,653,297
MANITOBA—						
Agriculture—						
Agricultural service centres	5,771,913	415,509		5,356,404	—415,509	—380,393
Energy, Mines and Resources—						
Regional electrical intercon- nections	103,355,348	1,848,998		101,506,350	—1,848,998	—1,693,971

TABLE 6.15

PROVINCIAL AND TERRITORIAL GOVERNMENTS—Continued

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (—)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Finance—						
Federal-provincial employment loans						
program	2,931,834	508,056		2,423,778	-508,056	-474,292
Municipal Development and Loan						
Board	2,622,223	395,163		2,227,060	-395,163	-402,927
Special development loans						
program	2,905,612	510,224		2,395,388	-510,224	-479,039
Winter capital projects						
fund	2,132,757	145,312		1,987,445	-145,312	-134,223
	10,592,426	1,558,755		9,033,671	-1,558,755	-1,490,481
Western Economic Diversifi- cation—						
Special areas and highways agreement	2,473,698	216,845		2,256,853	-216,845	-200,422
Total Manitoba	122,193,385	4,040,107		118,153,278	-4,040,107	-3,765,267
SASKATCHEWAN—						
Agriculture—						
Agricultural service centres	5,315,505	326,908		4,988,597	-326,908	-298,137
Finance—						
Federal-provincial employment loans						
program	589,342	82,422		506,920	-82,422	-77,043
Municipal Development and Loan						
Board	677,650	127,431		550,219	-127,431	-229,673
	1,266,992	209,853		1,057,139	-209,853	-306,716
Total Saskatchewan	6,582,497	536,761		6,045,736	-536,761	-604,853
ALBERTA—						
Finance—						
Federal-provincial employment loans						
program	2,350,936	419,157		1,931,779	-419,157	-369,368
Municipal Development and Loan						
Board	3,029,695	441,054		2,588,641	-441,054	-484,368
Special development loans						
program	4,000,000			4,000,000		
Winter capital projects						
fund	3,254,657	402,836		2,851,821	-402,836	-349,312
	12,635,288	1,263,047		11,372,241	-1,263,047	-1,203,048
Western Economic Diversifi- cation—						
Special areas and highways agreement	2,223,535	202,120		2,021,415	-202,120	-187,207
Total Alberta	14,858,823	1,465,167		13,393,656	-1,465,167	-1,390,255
BRITISH COLUMBIA—						
Finance—						
Federal-provincial employment loans						
program	7,461,388	1,052,394		6,408,994	-1,052,394	-991,086
Municipal Development and Loan						
Board	4,110,143	651,984		3,458,159	-651,984	-652,461
Special development loans						
program	10,072,385	1,771,159		8,301,226	-1,771,159	-2,421,101
Winter capital projects						
fund	11,749,222	1,090,722		10,658,500	-1,090,722	-1,021,133
Total British Columbia	33,393,138	4,566,259		28,826,879	-4,566,259	-5,085,781
NORTHWEST TERRITORIES—						
Finance—						
Federal-provincial employment loans						
program	14,241	1,992		12,249	-1,992	-1,862
Winter capital projects						
fund	214,556	39,592		174,964	-39,592	-16,378
	228,797	41,584		187,213	-41,584	-18,240
Indian Affairs and Northern Development— Government of the Northwest Territories	272,854	37,549		235,305	-37,549	-35,265
Total Northwest Territories	501,651	79,133		422,518	-79,133	-53,505

TABLE 6.15

PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Concluded*

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (—)	
	\$	\$	\$	\$	1989	1988
YUKON TERRITORY—						
Indian Affairs and Northern Development—						
Government of the Yukon Territory	6,414,007	671,318		5,742,689	—671,318	—643,909
Yukon Territory small business						
loans	313,368		44	313,412	44	—22,620
Total Yukon Territory	6,727,375	671,318	44	6,056,101	—671,274	—666,529
Account without current transactions						—500,000
Total	910,520,413	39,935,666	12,681,137	883,265,884	—27,254,529	—37,221,900

Special areas and highways agreement

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development, pursuant to terms and conditions of agreements between Canada and the provinces, with the approval of the Governor in Council.

The loans bear interest at rates from 5.768% to 10.164% per annum, and are repayable in equal annual instalments over 1 to 21 years, with final instalments between April 1, 1989 and March 31, 2009.

Federal-provincial employment loans program

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 6.1% to 7% per annum, and are repayable either in annual instalments over 10 to 20 years, or at maturity, with final repayments between October 1, 1989 and November 30, 1994.

Federal-provincial fiscal arrangements

These amounts represent overpayments in respect of provincial equalization entitlements under the Constitution Acts 1867 to 1982, the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, and other statutory authority. These overpayments are non-interest bearing and are recovered in the subsequent year.

Municipal Development and Loan Board

Loans have been made, to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25% to 5.625% per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years, with final instalments between October 1, 1989 and March 31, 2016.

Special development loans program

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 6.12% to 7.54% per annum, and are repayable either in annual or semi-annual instalments over 10 to 20 years, or at maturity, with final repayments between March 1, 1991 and March 30, 1993.

Winter capital projects fund

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.2% to 9.84% per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity, with final repayments between January 16, 1990 and February 28, 1999.

Atlantic Development Board carry-over projects

Loans have been made to finance certain water projects that were carried over from the Atlantic Development Board. Loans were made pursuant to terms and conditions of agreements between Canada and the provinces in the Atlantic region, with the approval of the Governor in Council.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 7.5% per annum, repayable over 11 years at various anniversary amortization dates, with the final instalment on July 31, 1999, \$749,255; and,
- (b) bearing interest at rates from 7.161% to 8.5% per annum, repayable over 18 years at various anniversary amortization dates, with final instalments between March 31, 2002 and April 1, 2006, \$4,351,486.

Atlantic Provinces Power Development Act

Loans have been made to the Atlantic provinces, to assist in the generation of electrical energy by steam driven generators in the provinces, and in the control and transmission of electric energy.

The loans bear interest at rates from 4.5% to 8.5% per annum, and are repayable in equal annual instalments over 4 to 26 years, with final instalments between March 31, 1992 and March 31, 2014.

Regional electrical interconnections

Loans have been made to assist in financing regional electrical interconnections, under agreements between the Government of Canada and the Provinces of Manitoba, New Brunswick and Nova Scotia.

During the year, additional loans were authorized by Energy, Mines and Resources Vote L20, Appropriation Acts No 1 and No 2, 1988-89.

The loans bear interest at rates from 9% to 9.625% per annum, and are repayable in annual instalments over 29 to 31 years, with final instalments between March 31, 2008 and March 31, 2011.

Comprehensive development plan agreement

Loans have been made to the Province of Prince Edward Island, to assist in financing the realization of a comprehensive and co-ordinated development plan of the province, pursuant to an agreement with the province, whose territory has been designated a "special rural development area".

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 17 years in equal instalments due at various anniversary dates, bearing interest at rates from 6.688% to 9.375% per annum, with final instalments between March 25, 2000 and March 27, 2005, \$4,891,000; and,
- (b) repayable in equal annual instalments over 17 years, bearing interest at rates from 6.688% to 9.375% per annum, with final instalments between March 31, 2001 and March 31, 2005, \$5,933,743.

Agricultural service centres

Loans have been made to provincial and municipal authorities, to assist in the construction or expansion of water supply and waste disposal facilities in key agriculture service centres, which are essential to rural adjustment and urban development in the agricultural portion of the Prairie region.

The loans bear interest at rates from 6.747% to 14.129% per annum, and are repayable in equal annual instalments over 20 years, with final instalments between March 31, 1992 and March 31, 2004.

Government of the Northwest Territories

Loans have been made to the Government of the Northwest Territories, for the following purposes:

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989
	\$	\$	\$	\$
Second mortgage . . .	118,437	11,882		106,555
Low cost housing . . .	154,417	25,667		128,750
	272,854	37,549		235,305

The loans bear interest at rates from 5.375% to 8.875% per annum, and are repayable in equal annual instalments over 20 to 25 years, with final instalments between April 1, 1989 and August 27, 1996.

Government of the Yukon Territory

Loans have been made to the Government of the Yukon Territory, for the following purposes:

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989
	\$	\$	\$	\$
Second mortgage . . .	83,567	12,712		70,855
Low cost housing . . .	326,728	43,717		283,011
Capital expenditures .	783,545	54,838		728,707
Outside parties—				
Capital projects . .	5,220,167	560,051		4,660,116
	6,414,007	671,318		5,742,689

The loans bear interest at rates from 5.375% to 12.5% per annum, and are repayable in equal annual instalments over 10 to 35 years, with final instalments between April 1, 1989 and November 24, 2003.

Yukon Territory small business loans

Loans have been made for the establishment or expansion of small businesses in the Yukon Territory.

The total amount authorized to be outstanding at any time is \$5,000,000.

The loans bear interest at rates from 9% to 12% per annum, and were repayable in annual instalments over 10 years, with the final instalment on April 1, 1988. As of March 31, 1989, the loans have not been reimbursed in full.

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

Loans to national governments consist mainly of the loan to the Government of the United Kingdom under the United Kingdom Financial Agreement Act, international development assistance to developing countries, and loans for development of export trade (administered by the Export Development Corporation).

Table 6.16 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

TABLE 6.16

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (-)	
	\$	\$	\$	\$	1989	1988
China—Finance	49,426,118			49,426,118		
Jamaica—						
Finance—						
Economic assistance	10,000,000			10,000,000		
Deferred principal	15,000,000			15,000,000		
	25,000,000			25,000,000		
United Kingdom—						
Finance—						
The United Kingdom Financial Agreement						
Act, 1946	427,966,315	29,150,928		398,815,387	-29,150,928	-28,579,342
Deferred principal	94,990,863			94,990,863		
	522,957,178	29,150,928		493,806,250	-29,150,928	-28,579,342
Developing countries—						
External Affairs—Canadian International						
Development Agency—						
International development assistance	3,163,427,748	114,782,783		3,048,644,965	-114,782,783	-35,372,381
Development of export trade (loans administered						
by the Export Development Corporation)—						
External Affairs	562,132,727	97,930,092	109,538,394	573,741,029	11,608,302	-17,608,115
National Defence—						
North Atlantic Treaty Organization—						
Damage claims recoverable	129,314	141,261	83,200	71,253	-58,061	59,283
Total	4,323,073,085	242,005,064	109,621,594	4,190,689,615	-132,383,470	-81,500,555

China

A loan to China was authorized under the Export Credits Insurance Act.

Jamaica

Economic assistance

A loan has been made to the Government of Jamaica, to provide economic assistance. The maturity date under the April 20, 1985 loan agreement was August 9, 1989. The applicable interest rate for payments due between August 9, 1985 and August 9, 1989 is 13.375% per annum.

Deferred principal

The loan agreement has been amended by the following Rescheduling Agreements:

- (a) the Rescheduling Agreement dated October 18, 1985, provided for the deferment of principal repayments in the amount of \$5,000,000 due on August 9, 1985; and,

- (b) the Rescheduling Agreement dated June 4, 1987, provided for the deferment of principal repayments totalling \$10,000,000 due on August 9, 1986 and August 9, 1987. The repayment of the deferred principal is to commence on June 30, 1989 and continue until August 15, 1997.

United Kingdom

The United Kingdom Financial Agreement Act, 1946

Under authority of the United Kingdom Financial Agreement Act, a credit of \$1,250,000,000 was extended to the Government of the United Kingdom to facilitate purchases by the United Kingdom of goods and services in Canada and to assist the United Kingdom in meeting transitional post-war deficits in its current balance of payments, in maintaining adequate reserves of gold and dollars, and in assuming the obligations of multilateral trade. The amount of the credit drawn by December 31, 1951 was to be repaid in 50 annual instalments beginning on that date, with interest at the rate of 2% per annum, with the final instalment on December 31, 2000.

Deferred principal

The agreement, as amended in 1957, provides for the deferment of interest in respect of the year 1956 and of seven instalments of principal and interest after December 31, 1956, under certain conditions. Interest for 1956, and interest and principal for 1957, 1964, 1965, 1968 and 1976 were deferred. The maturity of the deferrals is to commence December 31, 2001, and continue until December 31, 2006.

Developing countries—International development assistance

Loan assistance has been made to developing countries for international development assistance. Since April 1, 1986, loans under negotiated loan agreements in existence at March 31, 1986 were made under various budgetary authorities (including External Affairs Vote 30, Appropriation Acts No 1 and No 2,

1988-89). Previous to this date, all loans to developing countries were paid under non-budgetary authority.

During the year, loans totalling \$68,068,291 were forgiven pursuant to the Forgiveness of Certain Official Development Assistance Debts Act.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments. The closing balance of loans to individual countries includes, where applicable, total payments made under both budgetary and non-budgetary authorities. The total budgetary payments to all countries are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the amount reported in Table 6.16 as international development assistance to developing countries.

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989
	\$	\$	\$	\$
(a) 17 year term, 7 year grace period, non-interest bearing, with the final repayment in September 2002: Senegal ⁽¹⁾	999,070			999,070
(b) 20 year term, 5 year grace period, 5% interest per annum, with final repayments between September 2000 and March 2001: Jamaica	4,499,073			4,499,073
Turkey	25,107,081	3,095,869		22,011,212
	29,606,154	3,095,869		26,510,285
(c) 25 year term, 5 year grace period, 6% interest per annum, with the final repayment in March 1995: Nigeria ⁽¹⁾	623,789			623,789
(d) 30 year term, 7 year grace period, 3% interest per annum, with final repayments between September 1996 and January 2012: Barbados	17,331,963	1,306,521		16,025,442
Brazil	11,997,668	552,032		11,445,636
Chile	1,920,134	182,869		1,737,265
Colombia	17,399,293	869,565		16,529,728
Cuba	9,547,012			9,547,012
Dominican Republic	2,200,001			2,200,001
Egypt	47,826,088			47,826,088
Jamaica	32,665,520			32,665,520
Korea	391,008	21,723		369,285
Malaysia	10,295,882	789,037		9,506,845
Nigeria ⁽¹⁾	621,679			621,679
Peru	337,617			337,617
Salvador, El	9,260,527	1,006,579		8,253,948
Trinidad	5,284,718	735,987		4,548,731
Turkey	7,983,886	1,290,408		6,693,478
	175,062,996	6,754,721		168,308,275
(e) 35 year term, 5 year grace period, non-interest bearing, with final repayments between April 2001 and November 2005: Salvador, El	2,616,868	171,934		2,444,934
(f) 40 year term, 10 year grace period, non-interest bearing, with the final repayment in March 2007: Thailand	628,320	16,666		611,654
(g) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035: Algeria	15,395,360	411,958		14,983,402
Antigua	5,474,887	149,910		5,324,977
Argentina	550,667	18,667		532,000
Barbados	8,040,779	92,250		7,948,529
Belize	11,363,447	277,807		11,085,640
Bolivia	1,441,432	42,395		1,399,037
Brazil	658,785	20,906		637,879

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989
	\$	\$	\$	\$
Burma	8,306,202			8,306,202
Cameroun	143,637,598	352,947		143,284,651
Chile	2,960,480	98,062		2,862,418
Colombia	18,654,067	564,634		18,089,433
Congo-Brazzaville ⁽¹⁾	22,598,238			22,598,238
Costa Rica	23,118,847			23,118,847
Dominica	1,743,558	39,846		1,703,712
Dominican Republic	8,436,150	182,847		8,253,303
East African Community ⁽¹⁾⁽²⁾⁽⁴⁾	47,402,298	47,402,298		
Egypt	10,293,579	304,934		9,988,645
Egypt	57,599,945			57,599,945
Gabon	7,614,186			7,614,186
Ghana ⁽¹⁾	77,579,081			77,579,081
Grenada	775,625	10,605		765,020
Guatemala	3,937,623	93,750		3,843,873
Guyana	37,205,028			37,205,028
Honduras	33,015,261			33,015,261
India	698,643,867	12,091,378		686,552,489
Indonesia	275,639,106	3,756,791		271,882,315
Ivory Coast ⁽¹⁾	79,959,686			79,959,686
Jamaica	56,213,535			56,213,535
Kenya ⁽¹⁾	108,794,891			108,794,891
Madagascar ⁽¹⁾	22,958,010			22,958,010
Malaysia	2,428,237	14,860		2,413,377
Malta	899,990	12,500		887,490
Mauritania ⁽¹⁾⁽⁴⁾	4,094,776	4,094,776		
Mexico	81,755	2,771		78,984
Montserrat	657,940	17,251		640,689
Morocco	14,720,667			14,720,667
Nicaragua	18,357,040			18,357,040
Nigeria ⁽¹⁾	41,124,218			41,124,218
Pakistan	596,279,505	11,812,804		584,466,701
Paraguay	579,888	19,996		559,892
Peru	22,658,593	126,857		22,531,736
Philippines	3,837,789			3,837,789
Salvador, El	1,200,000	15,000		1,185,000
St Lucia	489,666	23,146		466,520
St Vincent	1,039,250	42,938		996,312
Senegal ⁽¹⁾	14,093,784			14,093,784
Sri Lanka	166,335,760	2,813,490		163,522,270
Swaziland ⁽¹⁾	1,369,960			1,369,960
Thailand	33,747,453	349,620		33,397,833
Togo ⁽¹⁾⁽⁴⁾	16,571,216	16,571,216		
Trinidad	3,204,538	114,237		3,090,301
Tunisia	118,550,996	1,550,146		117,000,850
Various francophone countries ⁽³⁾	1,677,258			1,677,258
Zaire ⁽¹⁾	31,298,397			31,298,397
Zambia ⁽¹⁾	86,188,539			86,188,539
Zimbabwe ⁽¹⁾	30,813,364			30,813,364
	3,002,312,797	103,493,593		2,898,819,204
(h) 53 year term, 13 year grace period, non-interest bearing, with the final repayment in September 2025:				
Algeria	44,208,105	1,250,000		42,958,105
(i) 55 year term, 15 year grace period, non-interest bearing, with the final repayment in September 2036:				
Egypt	9,243,531			9,243,531
	3,265,301,630	114,782,783		3,150,518,847
Less: payments made under budgetary authority	101,873,882			101,873,882
	3,163,427,748	114,782,783		3,048,644,965

Note: Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

⁽¹⁾ Sub-Saharan countries became eligible to benefit from Canada's 5 year official development assistance debt moratorium announced in 1986.

⁽²⁾ Joint project involving Kenya, Tanzania and Uganda.

⁽³⁾ Joint project involving Mali and Senegal.

⁽⁴⁾ The Forgiveness of Certain Official Development Assistance Debts Act authorized the forgiveness of official development assistance debts of the East African Community, Mauritania and Togo.

Similar assistance has been provided to developing countries by way of subscriptions to the capital of the International Development Association and loans to other international financial institutions. These are reported later in this section under the heading "International organizations".

Development of export trade

Pursuant to Section 31 of the Export Development Act, the Governor in Council may authorize the Corporation to make loans to foreign customers where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Since April 1, 1987, certain loans for the development of export trade are made under budgetary authority.

The following table presents the balances and transactions for the loans made to national governments, together with their terms and conditions of repayments. The closing balance of loans to national governments includes, where applicable, total payments made under both budgetary and non-budgetary authorities. The total budgetary payments are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the amount reported in Table 6.16.

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989
	\$	\$	\$	\$
(a) 1 to 5 year term, 7.5% interest per annum, with final repayments in July 1995:				
Poland	71,976,635	2,471,301		69,505,334
(b) 6 to 10 year term, 0.25% to 11.5% interest per annum, with final repayments between May 1992 and February 2000:				
Brazil	5,950,322	271,810	5,247,222	10,925,734
Chile		243,189	4,053,516	3,810,327
Ecuador		251,295	9,556,000	9,304,705
Ethiopia	15,969,881	4,495,885	526,635	12,000,631
Ghana	7,644,424	1,237,285		6,407,139
Kenya	184,846	6,346		178,500
Tanzania	33,617,677	416,933		33,200,744
Turkey	46,639,871	10,288,950	13,312,183	49,663,104
Zambia	8,681,277			8,681,277
	118,688,298	17,211,693	32,695,556	134,172,161
(c) 11 to 15 year term, 0% to 11% interest per annum, with final repayments between February 1997 and June 2011:				
Argentina	129,450,000			129,450,000
Korea	156,753,045	16,666,666		140,086,379
Madagascar	19,943,635	684,760		19,258,875
Sudan	8,026,850	275,600		7,751,250
Thailand	14,812,772	1,721,140	10,510,353	23,601,985
Turkey	263			263
	328,986,565	19,348,166	10,510,353	320,148,752
(d) 16 to 20 year term, 3% to 11% interest per annum, with final repayments between June 1994 and December 2016:				
Pakistan	160,000	160,000		
(e) 21 to 25 year term, 1.2% to 3.5% interest per annum, with final repayments between March 2008 and April 2018:				
Algeria	1,053,007		1,033,271	2,086,278
Congo	3,539,718	121,535		3,418,183
Mexico	36,293,756	2,839,318		33,454,438
	40,886,481	2,960,853	1,033,271	38,958,899
(f) 31 to 40 year term, 0% to 11.75% interest per annum, with final repayments between October 2030 and December 2038:				
Cameroon	3,079,744	669,801	5,849,064	8,259,007
China	503,560	94,445	7,614,752	8,023,867
Egypt			6,453,409	6,453,409
India		93,081	6,165,598	6,072,517
Jamaica	14,403,716	1,520,312	6,955,550	19,838,954
Morocco		553,795	29,453,989	28,900,194
Pakistan	1,393,832	77,042	2,806,852	4,123,642
	19,380,852	3,008,476	65,299,214	81,671,590
	580,078,831	45,160,489	109,538,394	644,456,736
Less: payments made under budgetary authority	17,946,104	52,769,603		70,715,707
	562,132,727	97,930,092	109,538,394	573,741,029

During the year, receipts and other credits included loan repayments of \$34,650,242, a valuation adjustment of \$10,510,247 in respect of loans totalling \$63,930,468 US and \$6,298,480 ECU (European Currency Unit), while payments and other charges included loans and guarantees of \$109,538,394. Interest of \$27.1 million was received and credited to non-tax revenue.

North Atlantic Treaty Organization—Damage claims recoverable

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

INTERNATIONAL ORGANIZATIONS

This group records Canada's subscriptions to the capital of the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the Inter-American Development Bank, the International Bank for Reconstruction and Development (i.e. World Bank), the International Development Association and the International Finance Corporation. It also includes loans and advances to other international organizations.

TABLE 6.17

INTERNATIONAL ORGANIZATIONS

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (—)	
	\$	\$	\$	\$	1989	1988
Canada's subscriptions to the capital of the—						
African Development Bank	64,807,269	240,666	6,067,844	70,634,447	5,827,178	6,256,830
Less: notes payable	90,187	6,067,844	6,057,204	100,827	10,640	90,187
	64,717,082	6,308,510	12,125,048	70,533,620	5,816,538	6,166,643
Asian Development Bank	170,803,547	8,537,363		162,266,184	-8,537,363	1,335,909
Less: notes payable	18,851,881		3,770,376	15,081,505	-3,770,376	-606,413
	151,951,666	8,537,363	3,770,376	147,184,679	-4,766,987	1,942,322
Caribbean Development Bank	12,908,652	405,357		12,593,295	-405,357	517,667
Less: notes payable	1,903,420		1,068,312	835,108	-1,068,312	482,101
	11,095,232	405,357	1,068,312	11,758,187	662,955	35,566
Inter-American Development Bank	148,864,816	5,111,238		143,753,578	-5,111,238	-8,510,694
Less: notes payable	30,125,947		11,481,741	18,644,206	-11,481,741	-13,844,518
	118,738,869	5,111,238	11,481,741	125,109,372	6,370,503	5,333,824
International Bank for Reconstruction and Development (World Bank)	291,077,634	4,485,052	10,002,980	296,595,562	5,517,928	16,295,059
Less: notes payable	16,115,858			16,115,858		-9,702,290
	274,961,776	4,485,052	10,002,980	280,479,704	5,517,928	25,997,349
International Development Association	2,822,288,061		232,400,000	3,054,688,061 ⁽¹⁾	232,400,000	324,800,000
Less: notes payable	950,066,700	232,400,000	286,314,000	896,152,700	-53,914,000	80,150,000
	1,872,221,361	232,400,000	518,714,000	2,158,535,361	286,314,000	244,650,000

Capital subscriptions are made in part by the issuance of non-interest bearing, non-negotiable demand notes. The amounts advanced or loaned vary according to the needs of the organizations concerned, and the terms of the agreements.

The net position of the Government vis-à-vis the international organizations has been obtained by deducting from subscriptions, loans and advances, the non-interest bearing notes issued by Canada to these organizations. These notes, payable on demand, represent that portion of the investment by Canada in these organizations which has not yet been encashed by them. These notes are encashed subject to the financial requirements of these organizations.

Since April 1, 1986, note encashments, and cash subscriptions/loans to international financial institutions are now made under budgetary authority. However, subscriptions/loans made by the issuance of non-interest bearing notes continue to be under non-budgetary authority.

Table 6.17 presents a summary of the balances and transactions for the subscriptions, loans and advances to international organizations. The closing balance of loans/subscriptions to international financial institutions includes, where applicable, total loans/subscriptions made under both budgetary and non-budgetary authorities. The total budgetary payments to all international financial institutions are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the total amount reported in Table 6.1 as International organizations (net). In addition, Table 6.18 presents additional disclosure of information related to subscriptions to the capital of international development institutions.

TABLE 6.17

INTERNATIONAL ORGANIZATIONS—Concluded

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (—)	
					1989	1988
	\$	\$	\$	\$	\$	\$
International Finance Corporation	44,557,662	1,481,829	5,920,414	48,996,247	4,438,585	9,626,399
Multilateral Investment Guarantee Agency		75,070	7,726,460	7,651,390	7,651,390	
Less: notes payable		3,863,230		3,863,230	3,863,230	
		3,938,300	7,726,460	3,788,160	3,788,160	
2,538,243,648		262,667,649	570,809,331	2,846,385,330	308,141,682	293,752,103
International financial institutions	1,679,797,203	12,648,761	249,160,346	1,916,308,788 ⁽¹⁾	236,511,585	62,735,720
Less: notes payable	856,194,044	246,644,282	147,104,466	955,733,860	99,539,816	—20,170,284
	823,603,159	259,293,043	396,264,812	960,574,928	136,971,769	82,906,004
International Tin Council	4,500,000	15,047		4,484,953	—15,047	
International Natural Rubber Agree- ment	9,218,417	1,704,010		7,514,407	—1,704,010	461,609
International Monetary Fund— Enhanced Structural Adjustment Facility		38,411	14,020,360	13,981,949	13,981,949	
International organizations and associations—						
Berne Union of the World Intellectual Prop- erty Organization	15,676			15,676		
Customs Co-operation Council	6,309			6,309		
Food and Agriculture Organiza- tion	613,422		241,183	854,605	241,183	
General Agreement on Tariffs and Trade	14,508			14,508		
Intergovernmental Maritime Consultative Organization	1,617			1,617		
International Atomic Energy Agency	65,656			65,656		
International Civil Aviation Organization	71,419			71,419		
International Labour Organization	68,666			68,666		
Paris Union of the World Intellectual Prop- erty Organization	58,927			58,927		
United Nations Educational, Scientific and Cultural Organization	683,459			683,459		
United Nations Industrial Development Organization	362,976			362,976		113,088
United Nations organizations	3,546,774			3,546,774		
World Health Organization	163,357			163,357		
	5,672,766		241,183	5,913,949	241,183	113,088
Total	3,381,237,990	523,718,160	981,335,686	3,838,855,516	457,617,526	377,232,804
Less: payments made under budgetary authority	690,732,678	435,934,531	1,867,435	1,124,799,774	434,067,096	392,025,489
	2,690,505,312	959,652,691	983,203,121	2,714,055,742	23,550,430	—14,792,685
Summary—						
International organizations	5,254,586,027	34,742,804	525,539,587	5,745,382,810	490,796,783	413,631,587
Less: payments made under budgetary authority	690,732,678	435,934,531	1,867,435	1,124,799,774	434,067,096	392,025,489
	4,563,853,349	470,677,335	527,407,022	4,620,583,036	56,729,687	21,606,098
Less: notes payable	1,873,348,037	488,975,356	455,796,099	1,906,527,294	33,179,257	36,398,783
Total	2,690,505,312	959,652,691	983,203,121	2,714,055,742	23,550,430	—14,792,685

⁽¹⁾ The subscriptions to the Association and the loans to the international financial institutions are used to lend funds to developing countries at rates favourable to the borrowers. In addition, as described earlier in this section, under the heading "National governments including developing countries", international development assistance has also been provided to developing countries.

TABLE 6.18

SUBSCRIPTIONS TO THE CAPITAL OF INTERNATIONAL DEVELOPMENT INSTITUTIONS

	Share subscriptions		Paid-in shares purchased			Estimated value of callable shares ⁽²⁾	Parliamentary authority available for use in subsequent years	
	Paid-in	Callable	Number of shares	Cost			Number of shares	Estimated value
				Foreign currencies	Canadian currency ⁽¹⁾			
					\$	\$		\$
African Development Bank	4,200	12,600	4,200		58,550,430 ⁽³⁾	175,651,308 ⁽⁴⁾	12,600	181,449,560 ⁽⁵⁾
	2,100	31,500	840	\$10,133,340US	12,084,008	477,533,141	32,760	477,533,141 ⁽⁵⁾
Asian Development Bank	8,740	36,403	8,740	\$105,434,978US	125,731,211	523,683,502	36,403	523,683,502 ⁽⁵⁾
	2,370	45,030	2,370	23,700,000SDR	36,534,972	694,164,468		
Caribbean Development Bank	1,585	5,355	1,585	\$9,560,310US	11,400,670 ⁽⁶⁾	38,517,775	5,355	38,517,775 ⁽⁵⁾
Inter-American Development Bank	9,982	115,220	9,982	\$120,548,074US	143,753,578	1,657,513,472	63,692	916,255,517 ⁽⁵⁾
International Bank for Reconstruction and Development (World Bank)			⁽⁷⁾	⁽⁷⁾	314,583,885	3,301,987,185 ⁽⁸⁾	⁽⁷⁾	2,853,605,710 ⁽⁹⁾
International Development Association	⁽¹⁰⁾	⁽¹⁰⁾	206,627	⁽¹⁰⁾	3,332,426,764			
International Finance Corporation	30,029	9,894 ⁽¹¹⁾	41,337 ⁽¹⁰⁾	\$41,087,000US	49,234,500	4,889,000		
International Monetary Fund—Loans			⁽¹²⁾	⁽¹²⁾			⁽¹²⁾	
Multilateral Investment Guarantee Agency			2,965	\$6,416,260US	7,726,460			535,979,639 ⁽⁹⁾
								3,825,695 ⁽⁹⁾

⁽¹⁾ Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1989 (\$1US = \$1.1925 Cdn; 1SDR = \$1.54156 Cdn).

⁽²⁾ Commitments to the institutions will require future "Maintenance of value" payments.

According to the Articles of Agreement of the World Bank, countries are obliged to maintain the value of certain portions of their paid-in capital subscriptions and contributions. The World Bank has not had a workable standard of value since 1978 when the formal link between the US dollar and gold was broken. The World Bank agreed not to seek payment of these obligations pending the establishment of a new standard of value for the Bank. Maintenance of value obligations do not exist for International Development Association contributions. In October 1986, the Executive Board agreed upon the "1974 SDR" as a successor standard of value. The 1974 SDR is a fixed US dollar equivalent of the value of the SDR prevailing in 1974 (\$1.20635 US = 1 SDR). Maintenance of value payments resumed July 1, 1987. It is expected that other institutions will follow this lead.

⁽³⁾ Canadian currency equivalent of 42,000,000 units of account. One unit = \$1.20635 US = \$1.1556 Cdn as of May 1979.

⁽⁴⁾ Canadian currency equivalent of 126,000,000 units of account. One unit = \$1.20635 US = \$1.1556 Cdn as of May 1979.

⁽⁵⁾ These amounts are reflected as non-lapsing non-budgetary authorities in the External Affairs ministerial section of Volume II, Part I (Section 9).

⁽⁶⁾ This amount excludes a maintenance of value payment of \$1,192,625.

⁽⁷⁾ Canada's subscription is for 23,164 shares. Payments are accounted for as a proportion of each share.

⁽⁸⁾ Total subscription valued at \$2,768,962,000 US. Callable value translated at \$1 US = \$1.1925 Cdn, representing approximately 91% of the total subscription.

⁽⁹⁾ Subscription and payment authorities are annual budgetary voted items presented in the Finance ministerial section of Volume II, Part I (Section 10).

⁽¹⁰⁾ There are no outstanding subscriptions other than the notes payable in Table 6.17. Accounting is based on dollar values rather than number of shares.

⁽¹¹⁾ This represents a commitment by Canada to the capital of the Corporation to be paid by 1990, rather than a "callable" amount.

⁽¹²⁾ Canada has agreed to lend the Enhanced Structural Adjustment Facility SDR 300 million and to subsidize the interest rate on the loan through a grant of approximately SDR 165 million.

African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L40, Appropriation Acts No 1 and No 2, 1988-89).

During the year, payments and other charges included additional subscriptions in non-interest bearing demand notes.

Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L40, Appropriation Acts No 1 and No 2, 1988-89).

During the year, there were no additional subscriptions made.

Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L40, Appropriation Acts No 1 and No 2, 1988-89).

During the year, there were no additional subscriptions made.

Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L40, Appropriation Acts No 1 and No 2, 1988-89).

During the year, there were no additional subscriptions made.

International Bank for Reconstruction and Development (World Bank)

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development (IBRD), as authorized by the Bretton Woods and Related Agreements Act, and various appropriation acts (including Finance Vote L5, Appropriation Acts No 1 and No 2, 1988-89).

During the year, payments and other charges included additional subscriptions in cash.

International Development Association

This account records Canada's subscriptions to the capital of the International Development Association, as authorized by the Bretton Woods and Related Agreements Act, and various appropriation acts (including Finance Vote L10, Appropriation Acts No 1 and No 2, 1988-89). The subscriptions to the Association, which is part of the World Bank Groups, are used to lend funds to developing countries for development purposes, at rates highly favourable to the borrower (no interest, with a 50 year maturity and 10 years of grace).

During the year, payments and other charges included additional subscriptions in the form of non-interest bearing, non-negotiable demand notes.

International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Groups, as authorized by various appropriation acts (including Finance Vote 5, Appropriation Acts No 1 and No 2, 1988-89).

During the year, payments and other charges included additional subscriptions in cash.

Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency as authorized by an Act to amend the Bretton Woods and Related Agreements Act.

During the year, payments and other charges included subscriptions in cash and in non-interest bearing demand notes.

International financial institutions

This account records loans for assistance to international financial institutions, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L35, Appropriation Acts No 1 and No 2, 1988-89).

The balances and transactions for loans to various international financial institutions are as follows:

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989
	\$	\$	\$	\$
African Development Bank	4,093,896	125,000		3,968,896
African Development Fund	454,304,175	3,179,997	123,333,333	574,457,511
Less: notes payable	239,985,987	123,333,333	40,614,508	322,704,812
	<i>214,318,188</i>	<i>126,513,330</i>	<i>163,947,841</i>	<i>251,752,699</i>
Andean Development Corporation	4,500,040	125,000		4,375,040
Asian Development Bank—Special	27,027,000			27,027,000
Asian Development Fund	738,876,663		118,330,312	857,206,975
Less: notes payable	503,857,337	118,330,312	81,785,552	540,402,097
	<i>235,019,326</i>	<i>118,330,312</i>	<i>200,115,864</i>	<i>316,804,878</i>
Caribbean Development Bank— Agricultural Development Fund	8,600,000			8,600,000
Caribbean Development Bank— Commonwealth Caribbean Regional	4,939,600	169,600		4,770,000
Caribbean Development Bank—Special	58,200,820	532,120	4,980,637	62,649,337
Less: notes payable	20,191,588	4,980,637	5,502,779	19,669,446
	<i>38,009,232</i>	<i>5,512,757</i>	<i>10,483,416</i>	<i>42,979,891</i>
Central American Bank for Economic Integration	2,256,779	76,500		2,180,279
Inter-American Development Bank—Fund for Special Operations	275,529,900	7,127,440	2,516,064	270,918,524
Less: notes payable	52,769,953		11,122,927	41,647,026
	<i>222,759,947</i>	<i>7,127,440</i>	<i>13,638,991</i>	<i>229,271,498</i>
International Bank for Reconstruction and Development	24,698,000	848,000		23,850,000
International Fund for Agriculture Development	63,224,179			63,224,179
Less: notes payable	39,389,179		8,078,700	31,310,479
	<i>23,835,000</i>		<i>8,078,700</i>	<i>31,913,700</i>
International Monetary Fund	13,546,151	465,104		13,081,047
	823,603,159	259,293,043	396,264,812	960,574,928

International Tin Council

This account records Canada's subscriptions to the International Tin Council, as authorized by previous appropriation acts. The subscriptions are for the investment in the buffer stock previously established and carried forward under the Sixth International Tin Agreement.

International Natural Rubber Agreement

This account records Canada's contributions to the financing of the natural rubber buffer stock, as authorized by previous appropriation acts. Pursuant to the International Natural Rubber Agreement, 1979, Canada is committed to participate in the funding of the rubber buffer stock up to \$12,500,000.

International Monetary Fund—Enhanced Structural Adjustment Facility

This account records the loan to the International Monetary Fund in order to provide assistance to debt distressed, low-income countries as authorized by an Act to amend the Bretton Woods and Related Agreements Act.

During the year, payments and other charges included a loan in cash.

International organizations and associations

These items represent the historical value of payments made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

During the year, an additional advance to the working capital fund of the Food and Agriculture Organization was authorized by Governor General's special warrants. The adjournment of Parliament on December 30, 1988 and its prorogation on February 28, 1989, before the final Supplementary Estimates for 1988-89 had been granted, necessitated recourse to Governor General's special warrants.

During the year, Canada made a payment of \$202,675 US valued at \$241,183 Cdn to the Food and Agriculture Organization.

VETERANS' LAND ACT FUND ADVANCES

Advances have been made, under Parts I and III of the Veterans' Land Act, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is \$605,000,000.

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to budgetary expenditure and credited to the allowance for conditional benefits account. The allowance for conditional benefits account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the Veterans' Land Act. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

Table 6.19 summarizes the balances and transactions for advances to the Veterans' Land Act Fund.

TABLE 6.19

VETERANS' LAND ACT FUND

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (—)	
	\$	\$	\$	\$	1989	1988
Veterans' Land Act Fund—						
Advances	111,745,799	20,222,142	21,609	91,545,266	-20,200,533	-23,461,191
Less: allowance for conditional benefits	481,461		16,800	464,661	-16,800	-135,506
Total	111,264,338	20,222,142	38,409	91,080,605	-20,183,733	-23,325,685

JOINT AND MIXED ENTERPRISES

Joint and mixed enterprises are entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. This group records and/or reports the Government's loans, investments and advances to such entities. Additional information on these entities is provided in Volume III of the Public Accounts.

Under the terms of Section 147 of the Bankruptcy Act, the Superintendent of Bankruptcy has received shares in a number

of corporations in lieu of a cash levy payable to the Crown. The Government's purpose in sharing ownership in these corporations with other entities is not to further common operating objectives.

Table 6.20 presents a summary of the balances and transactions for the various types of loans, investments and advances to joint and mixed enterprises.

TABLE 6.20

JOINT AND MIXED ENTERPRISES

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (-)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Air Canada—Transport— ⁽¹⁾						
Capital stock	329,009,000			329,009,000		
Consolidated loan	153,567,702	23,645,003		129,922,699	-23,645,003	-22,021,183
	482,576,702	23,645,003		458,931,699	-23,645,003	-22,021,183
Canarc Shipping Company Limited—						
Transport						
Cooperative Energy Corporation—Energy,						
Mines and Resources	57,804,000			57,804,000		
Lower Churchill Development Corporation						
Limited—Energy, Mines and Resources	14,750,000			14,750,000		
Mohawk St Régis Lacrosse Ltd—Indian Affairs						
and Northern Development						
National Sea Products Ltd—Finance						
(Privatization and Regulatory Affairs)	59,540,000			59,540,000		59,540,000
Newfoundland and Labrador Development Cor-						
poration Limited—Atlantic Canada						
Opportunities Agency—						
Capital stock	200			200		
Loans	21,000,000	13,416,288		7,583,712	-13,416,288	-3,500,000
	21,000,200	13,416,288		7,583,912	-13,416,288	-3,500,000
North Portage Development Corporation—						
Western Economic Diversifi-						
cation						
NPM Nuclear Project Managers Canada Inc—						
Energy, Mines and Resources						
Société Inter-Port de Québec—Regional Indus-						
trial Expansion	400			400		
Telesat Canada—Communications	30,000,000			30,000,000		
Accounts without current transactions						-351,778,814
Total	665,671,302	37,061,291		628,610,011	-37,061,291	-317,759,997

⁽¹⁾ This account was previously reported in Table 6.3.

Air Canada

The Corporation was established by the Air Canada Act, and continued under the Canada Business Corporations Act, to provide scheduled domestic and international air services to North America, the British Isles, continental Europe and the Caribbean.

Capital stock

During the year, the Air Canada Public Participation Act, which came into force on August 18, 1988, authorized the Government to dispose of its shares in the Corporation. It also

authorized the Corporation to issue shares to the public. On October 13, 1988, the Corporation issued common shares to the public and at that time, ceased to be a Crown corporation.

The Government's investment in the capital of the Corporation is recorded in this account.

Consolidated loan

The loan bears interest at the rate of 7.243% per annum, and is repayable in semi-annual instalments over 15 years, with the final instalment on April 13, 1993.

Canarctic Shipping Company Limited

The Corporation was incorporated under the Canada Corporations Act, and continued under the Canada Business Corporations Act, to acquire, sell, lease, charter and otherwise deal in and with ships of every description, and to do all other things necessary or incidental thereto.

In 1977-78, 305,996 common shares of Canarctic Shipping Company Limited having a total value of \$305,996, and representing 51% of the common shares outstanding, were purchased and charged to budgetary expenditure (Transport Vote 10—Marine operating expenditures). The balance of outstanding shares is owned by North Water Navigation Ltd.

Cooperative Energy Corporation

The Corporation was incorporated under the Cooperative Energy Act, to operate an energy corporation whose primary activity is to explore and develop new Canadian oil and gas resources. The Corporation is a holding company whose shareholders are the participating co-operatives and the Government of Canada. The objective of the Government's participation is to bring together a number of co-operative financial, agricultural, service and marketing institutions to participate in the Canadian oil and gas industry.

The Minister of Energy, Mines and Resources may subscribe for, acquire and hold shares and equity debentures of the Corporation for the Government of Canada.

The Government's investment in the capital of the Corporation, as authorized by the Cooperative Energy Act, is recorded in this account.

As of March 31, 1989, the Government's investment was made up of 578,040 class B shares with a value of \$57,804,000.

The Government's holding of shares represents 25% ownership of the Corporation.

Lower Churchill Development Corporation Limited

The Corporation was incorporated under the Companies Act of Newfoundland, to establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the transmission of this energy to markets.

This account records the Government's investment in the capital of the Corporation. In respect of Canada's participation with the Government of Newfoundland in the development of the hydroelectric power potential of the Lower Churchill River in Labrador, the Government is authorized to purchase approximately 49% of the shares of the Lower Churchill Development Corporation Limited.

The Government has purchased 1,475 class A shares, representing 49% of the shares outstanding. The balance of the outstanding shares is owned by Newfoundland and Labrador Hydro (an agent of the Government of Newfoundland and Labrador).

Mohawk St Régis Lacrosse Ltd

The Corporation was incorporated under the Business Corporations Act of Ontario, to acquire assets of an insolvent lacrosse stick manufacturing company located on St Régis Reserve, Cornwall Island.

The Government's holding in the Corporation consists of 1,000 common shares, which represent 10% of the authorized capital.

The formal dissolution of Mohawk St Régis Lacrosse Ltd was completed on March 21, 1989.

National Sea Products Ltd

The Corporation was incorporated under the Nova Scotia Companies Act, to process and market fish, seafoods and fish by-products. The objective of the Government's participation is to restructure the Nova Scotia fishery.

Pursuant to the Atlantic Fisheries Restructuring Act, the Government has acquired shares in the Corporation. The Government's holding consists of 1,552,976 no par value common shares and 1,552,976 no par value non-voting equity shares. This represents 19.6% of the shares outstanding.

Newfoundland and Labrador Development Corporation Limited

The Corporation was incorporated under the Companies Act of Newfoundland, to assist small and medium-sized businesses in Newfoundland and Labrador through loan and equity financing, management advisory services, and other related services.

Capital stock

The Government has purchased 200 ordinary \$1 par value common shares of Newfoundland and Labrador Development Corporation Limited, in accordance with an agreement between Canada and Newfoundland pursuant to Section 5(3)(c) of the Special Areas Act. This represents 40% of the authorized shares. The balance of the outstanding shares is owned by the Government of Newfoundland and Labrador. On March 29, 1989, an agreement was reached between Canada and Newfoundland whereby the Newfoundland Government will purchase these shares as part of an agreement to effect the withdrawal of the Government of Canada from the Corporation.

Loans

Loans have been made to provide financing and other services to small and medium-sized businesses in Newfoundland.

The loans bear interest at rates from 10.5% to 17% per annum, and are repayable between April 1, 1989 and April 1, 1999.

North Portage Development Corporation

The Corporation was incorporated under the Manitoba Corporations Act, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3% of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada.

NPM Nuclear Project Managers Canada Inc

The Corporation was incorporated under the Canada Business Corporations Act, to manage nuclear projects and construction. The objective of the Government's participation is to transfer this activity from Atomic Energy of Canada Ltd to the private sector.

The Government has purchased 60 no par value common shares.

The Government's holding of shares represents 13.34% of the shares outstanding. The balance of the outstanding shares is owned by four private sector corporations.

Société Inter-Port de Québec

The Corporation was incorporated by a Special Act of the Government of Quebec, to develop and implement plans and programs for an industrial complex, using the infrastructure of the Quebec harbour, and contributing to the development of that same infrastructure.

The Government has purchased 400 common shares of the Corporation at \$1 per share. This represents 40% of the authorized shares. The balance of the outstanding shares is owned by the Government of Quebec.

Telesat Canada

The Corporation was incorporated by the Telesat Canada Act, to establish multi-purpose satellite telecommunication systems.

The Government has purchased 3,000,000 common shares of the Corporation at \$10 per share, for \$30,000,000. This investment represents 49.99% of the common shares outstanding.

MISCELLANEOUS

This group records loans, investments and advances not classified elsewhere.

Table 6.21 presents a summary of the balances and transactions for the various types of miscellaneous loans, investments and advances.

TABLE 6.21

MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (-)	
	\$	\$	\$	\$	1989	1988
Loans and accountable advances—						
External Affairs—						
Missions abroad	8,320,837	580,727,585	580,511,809	8,105,061	-215,776	-2,476,629
Personnel posted abroad	9,854,505	8,645,363	10,357,461	11,566,603	1,712,098	1,015,437
	18,175,342	589,372,948	590,869,270	19,671,664	1,496,322	-1,461,192
National Defence—						
Imprest accounts, standing advances and authorized loans	28,897,534	490,460,650	492,273,010	30,709,894	1,812,360	1,435,468
Regional Industrial Expansion—						
Personnel posted in Canada	1,563			1,563		
Supply and Services—						
Miscellaneous accountable advances	6,689,987	6,567,155	6,006,224	6,129,056	-560,931	1,637,619
Miscellaneous accountable imprest and standing advances	5,664,705	970,087	1,275,249	5,969,867	305,162	152,677
	12,354,692	7,537,242	7,281,473	12,098,923	-255,769	1,790,296
Total loans and accountable advances	59,429,131	1,087,370,840	1,090,423,753	62,482,044	3,052,913	1,764,572
Other miscellaneous—						
Agriculture—						
Construction of multi-purpose exhibition buildings	20,057,334	954,736		19,102,598	-954,736	-981,286
Atlantic Canada Opportunities Agency—						
Loans to assist industry in the Cape Breton area			1,943,720	1,943,720	1,943,720	
Communications—						
Cultural property	10,000	2,450	3,632	11,182	1,182	7,080
Employment and Immigration—						
Assisted passage scheme	67,700,721	13,830,024	22,997,746	76,868,443	9,167,722	5,703,243
Energy, Mines and Resources—						
Hydro-Quebec Research Institute	11,427,230	709,800		10,717,430	-709,800	-661,075
External Affairs—						
Development of export trade (loans admin- istered by the Export Development Cor- poration)	108,673,373	32,271,887	3,196,512	79,597,998	-29,075,375	12,488,280

TABLE 6.21

MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES—*Concluded*

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (—)	
	\$	\$	\$	\$	\$	\$
Finance—						
Canadian Commercial Bank	72,936,360			72,936,360		
Ottawa Civil Service Recreational Association	234,742	26,754	207,988		-26,754	-25,449
Saint John Harbour Bridge Authority	13,333,569		222,645	13,556,214	222,645	345,558
Town of Oromocto Development Corporation	139,036	77,390		61,646	-77,390	-73,434
	86,643,707	104,144	222,645	86,762,208	118,501	246,675
Fisheries and Oceans—						
Canadian producers of frozen ground-fish	342,117	37,624		304,493	-37,624	-74,599
Groundfish processors	184,423	64,000		120,423	-64,000	-8,466
Haddock fishermen	1,358,044	5,000		1,353,044	-5,000	-382
	1,884,584	106,624		1,777,960	-106,624	-83,447
Indian Affairs and Northern Development—						
Chippewa Band of Kettlepoint	65,000	65,000			-65,000	
Council for Yukon Indians	6,968,089		1,171,595	8,139,684	1,171,595	1,116,925
Eskimo loan fund	2,437,679	313,095	699,660	2,824,244	386,565	160,518
Indian economic development fund	40,658,926	4,910,461	5,846,117	41,594,582	935,656	2,666,044
Indian housing assistance fund	2,621,524	521,726	1,708	2,101,506	-520,018	-1,044,958
Inuvialuit Regional Corporation	60,000,000		19,091,000	79,091,000	19,091,000	30,000,000
Native claimants	115,196,973	1,404,195	15,445,921	129,238,699	14,041,726	14,666,850
Northern Canada Power Commission— ^[1]						
Loans	95,455,555	95,455,555			-95,455,555	-33,836,147
Advances	50,000	50,000			-50,000	
	95,505,555	95,505,555			-95,505,555	-33,836,147
Yukon Energy Corporation	54,849,030	1,399,030		53,450,000	-1,399,030	-1,150,970
	378,302,776	104,119,062	42,256,001	316,439,715	-61,863,061	12,578,262
Labour—						
Provincial workers' compensation boards	5,508,000		2,080,000	7,588,000	2,080,000	538,000
National Defence—						
Canadian Forces housing projects	13,863,092	591,938		13,271,154	-591,938	-652,293
Public Works—						
Burgeo Leasing Limited	128,398	10,984		117,414	-10,984	-10,412
Sydney Steel Corporation	5,218,162			5,218,162		
	5,346,560	10,984		5,335,576	-10,984	-10,412
Regional Industrial Expansion—						
Canadair Limited	298,593	147,122		151,471	-147,122	-147,122
Canadian defence industry	3,213,477	1,094,626		2,118,851	-1,094,626	-2,952,484
Company stock option						
Industrial and regional development program	1,250,000	20,833		1,229,167	-20,833	
Manufacturing, processing and service industries in Canada	111,090,359			111,090,359		109,693,859
	115,852,429	1,262,581		114,589,848	-1,262,581	106,594,253
Solicitor General—						
Parolees	16,218	18,941	16,200	13,477	-2,741	811
Supply and Services—						
Canadian Commercial Bank	15,189,000			15,189,000		
Defence production loan account	9,724,007	400,000	17,000,000	26,324,007	16,600,000	8,000,000
	24,913,007	400,000	17,000,000	41,513,007	16,600,000	8,000,000
Transport—						
Corporation of the City of Montreal	383,491	91,731		291,760	-91,731	-88,951
Hamilton Harbour Commissioners	625,000	50,000		575,000	-50,000	-132,740
Northern Transportation Company Limited ..	7,000,000	3,000,000		4,000,000	-3,000,000	
Port Alberni Harbour Commission	580,415	153,223		427,192	-153,223	-142,471
Thunder Bay Harbour Commission	131,370	85,982		45,388	-85,982	-79,926
	8,720,276	3,380,936		5,339,340	-3,380,936	-444,088
Veterans Affairs—						
Commonwealth War Graves Commission	69,816			69,816		
Accounts without current transactions						-3,894
						-29,210,043
Total other miscellaneous	848,989,123	157,764,107	89,716,456	780,941,472	-68,047,651	114,110,066
Total	908,418,254	1,245,134,947	1,180,140,209	843,423,516	-64,994,738	115,874,638

^[1] This account was previously reported in Table 6.3.

Missions abroad

Non-interest bearing advances have been made for interim financing of expenditures at missions abroad, pending distribution to appropriations of External Affairs and other departments and agencies.

During the year, the amount authorized to be outstanding at any time was increased to \$50,000,000 by Treasury Board (Government contingencies) Vote 5, Appropriation Acts No 1 and No 2, 1988-89.

Personnel posted abroad

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff.

During the year, the amount authorized to be outstanding at any time was increased to \$18,500,000 by Treasury Board (Government contingencies) Vote 5, Appropriation Acts No 1 and No 2, 1988-89.

The closing balance consists of loans to employees, \$782,462; advances for medical expenses, \$1,650,359; security and other deposits under Foreign Service Directives, \$15,804; and, school debentures, \$217,978.

The loans to employees bear interest at rates from 8% to 11% per annum, and are repayable over 4 years, with final instalments between April 1, 1989 and June 30, 1992.

Imprest accounts, standing advances and authorized loans

This account was established for the purpose of financing: (a) public funds imprest and public funds advance accounts; (b) standing advances; (c) authorized loans and advances to employees posted abroad; and, (d) authorized recoverable advances to establish military messes and canteens.

The total amount authorized to be outstanding at any time is \$60,000,000.

Personnel posted in Canada

This account records imprest bank account advances made to regional offices.

The total amount authorized to be outstanding at any time is \$1,950,000.

Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

Miscellaneous accountable imprest and standing advances

This account is operated to provide standing travel advances, petty cash and imprest bank account advances, to departments and agencies.

The total amount authorized to be outstanding at any time is \$17,000,000.

Construction of multi-purpose exhibition buildings

Loans have been made to finance the construction of multi-purpose exhibition buildings.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 28 to 30 years, bearing interest at rates from 7.432% to 9.684% per annum, with final instalments between May 31, 1995 and May 1, 2008, \$17,224,793;
- (b) repayable over 20 to 26 years, bearing interest at rates from 7.266% to 9.420% per annum, with final instalments between December 31, 1992 and February 15, 2005, \$1,867,654; and,
- (c) repayable over 15 years, bearing interest at a rate of 8.209% per annum, with the final instalment on August 1, 1989, \$29,769.

Loans to assist industry in the Cape Breton area

Loans have been made for the purpose of promoting the establishment, growth, efficiency and international competitiveness of Canadian industry or to assist them in their financial restructuring and to foster the expansion of Canadian trade to a person engaged or about to engage in a manufacturing, processing or service industry in the Cape Breton area.

During the year, additional loans were authorized by Atlantic Canada Opportunities Agency, Vote L10, Appropriation Acts No 1 and No 2, 1988-89.

The loans bear interest at rates from 11% to 13.25% per annum, and are repayable at various dates between September 30, 1989 to September 30, 1993.

Cultural property

Loans have been made to institutions and public authorities in Canada, for the purchase of objects in respect of which export permits have been refused under the Cultural Property Export and Import Act, or for the purchase of cultural property situated outside Canada which is related to the national heritage.

During the year, additional loans were authorized by Communications Vote L20, Appropriation Acts No 1 and No 2, 1988-89. The total loan authority is \$10,000 per year.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 8.995% per annum, repayable over 5 years, with the final instalment on March 23, 1993, \$8,000; and,
- (b) bearing interest at the rate of 10.455% per annum, repayable over 5 years, with the final instalment on September 30, 1993, \$3,182.

Assisted passage scheme

Section 119 of the Immigration Act authorizes the making of loans to immigrants and other such classes of persons.

The total amount authorized to be outstanding at any time is \$90,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, bearing interest at rates from 6% to 15% per annum, with final instalments between April 1, 1989 and April 1, 1994, \$4,408,225; and,
- (b) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, non-interest bearing, with final instalments between April 1, 1989 and April 1, 1994, \$72,460,218.

Hydro-Quebec Research Institute

Loans have been made to the Hydro-Quebec Research Institute, guaranteed by the Province of Quebec, to provide financial assistance for construction and operation of the Institute.

The loans bear interest at rates from 7.187% to 7.937% per annum, and are repayable in equal annual instalments over 25 years, with the final instalment on March 25, 1999.

Development of export trade

Pursuant to Section 31 of the Export Development Act, the Governor in Council may authorize the Corporation to make loans where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Since April 1, 1987, certain loans for the development of export trade are made under budgetary authority.

The following table presents the balances and transactions for the loans made to the private sector, together with their terms and conditions of repayments. The closing balance of loans to the private sector includes, where applicable, total payments made under both budgetary and non-budgetary authorities. The total budgetary payments are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the amount reported in Table 6.21.

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989
	\$	\$	\$	\$
(a) 1 to 5 year term, 0% to 9.5% interest per annum, with final repayments between September 1988 and September 1992:				
Cuba	19,724,617	20,970,007	1,377,808	132,418
Nigeria	82,939			82,939
Norway	25,227,243	866,171		24,361,072
United States	14,839,503	509,511		14,329,992
	59,874,302	22,345,689	1,377,808	38,906,421
(b) 6 to 10 year term, 0% to 8.75% interest per annum, with final repayments between September 1988 and August 1996:				
India	1,818,704	1,818,704		
(c) 11 to 15 year term, 6.25% to 9.5% interest per annum, with final repayments between October 1991 and April 1995:				
Brazil	13,629,675	5,535,032		8,094,643
Zambia	150,111			150,111
	13,779,786	5,535,032		8,244,754
(d) 40 year term, 0% interest per annum, with final repayment in March 2036:				
Antigua	35,019,285	2,572,462		32,446,823
	110,492,077	32,271,887	1,377,808	79,597,998
	1,818,704		1,818,704	
Less: payments made under budgetary authority				
	108,673,373	32,271,887	3,196,512	79,597,998

During the year, receipts and other credits included loan repayments of \$29,425,548, and a valuation adjustment of \$2,846,339 in respect of loans totalling \$26,375,628 US, while

payments and other charges included loans of \$1,377,808. Interest of \$2.6 million was received and credited to non-tax revenue.

Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the Canadian Commercial Bank Financial Assistance Act. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank (the Government of Canada's share is \$60 million) and the purchase of outstanding debentures from existing holders (\$13 million).

Ottawa Civil Service Recreational Association

Loans have been made to the Ottawa Civil Service Recreational Association, to assist in the building and development of the W Clifford Clark Memorial Centre.

The loans bear interest at rates from 4.25% to 5.375% per annum, and are repayable in equal semi-annual instalments over 25 and 45 years, with final instalments between September 30, 1990 and September 30, 2005.

Saint John Harbour Bridge Authority

Advances have been made to the Saint John Harbour Bridge Authority in connection with the financing, construction and operation of a toll bridge across the harbour of Saint John, NB. The total amount of advances in each year is to be based on the difference for the year between the operating and financing costs of the toll bridge, and the revenue of the Bridge Authority, repayable when the revenue of the Bridge Authority for the year exceeds the amount of the operating and financing costs for such year. The advances bear interest at rates from 5.875% to 16.375% per annum.

Advances made to the Authority to meet payments on Municipal Development and Loan Board loans and/or Canada Ports Corporation loans, have also been charged to this account. During the year, additional loans were authorized by Finance Vote L25, Appropriation Acts No 1 and No 2, 1988-89.

Town of Oromocto Development Corporation

Loans have been made to the Town of Oromocto Development Corporation, for housing projects in the Town of Oromocto, New Brunswick. The total loan authority is \$750,000.

The loans bear interest at rates of 5% and 5.75% per annum, and are repayable in equal semi-annual instalments over 30 years, with final instalments between June 1, 1989 and February 15, 1992.

Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories. The total loan authority is \$5,500,000.

The loans bore interest at the rate of 13% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987.

Groundfish processors

Loans have been made to assist processors of groundfish in Canada, who, as determined by the Fisheries Prices Support Board, are unable to obtain sufficient financing on reasonable terms from other sources, to maintain raw fish prices, i.e. prices to primary producers, at the 1966-68 level. The total loan authority is \$6,000,000. The loans bear interest at the rate of 8.75% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1984. No loan repayments nor interest were received since November 1982.

Loans, in the amount of \$3,000,000, have also been made to ice-affected fish plants in Newfoundland, Labrador and North Shore, Quebec, to provide advances for working capital assistance to Canadian producers of groundfish products in Newfoundland and Quebec, who were affected by severe ice conditions in May and June 1974. The loans bear interest at rates from 8% to 10% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1985.

Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is \$1,650,000.

The loans bore interest at the rate of 8% per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. Parliamentary authority is required to write-off the balance.

Chippewa Band of Kettlepoint

A non-interest bearing loan was made to the Chippewa Band of Kettlepoint, to purchase Lots 60 and 61 in Lake Road, West Concession, in the Township of Bosanquet, County of Lambton, Ontario.

During the year, the loan was repaid in full.

Council for Yukon Indians

Loans have been made to the Council for Yukon Indians, to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indians land claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Vote L25, Appropriation Acts No 1 and No 2, 1988-89.

The loans are repayable in full upon settlement of land claims, and are non-interest bearing before an Agreement-in-Principle for the settlement of a claim is reached.

Eskimo loan fund

Loans have been made to individual Eskimos or groups of Eskimos, to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations,

credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Eskimos, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Eskimos.

The total amount authorized to be outstanding at any time is \$7,072,000.

The loans bear interest at rates from 5% to 19.5% per annum, and are repayable over 1 to 15 years, with final instalments between April 1, 1989 and February 2, 2003.

Indian economic development fund

Loans have been made for the purposes of economic development of Indians, to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The total amount authorized to be outstanding at any time is \$70,000,000.

The loans bear interest at rates from 5% to 21% per annum, and are repayable over 4 month to 15 years, with final instalments between April 1, 1989 and April 1, 2004.

Indian housing assistance fund

Second mortgage loans have been made to provide financial assistance to Indians and Inuit, for the construction and acquisition of houses and land, in areas other than Indian reserves. The purposes of the account were extended to authorize loans and advances to Indians and Inuit, for repairs or improvements to houses at time of purchase, in areas other than Indian reserves.

The total amount authorized to be outstanding at any time is \$20,000,000.

The loans are non-interest bearing, and are repayable in full by equal annual instalments or forgiveness, or, when the borrower sells the property. Whenever certain conditions of occupancy and maintenance are satisfied, instalments are forgiven at the rate of 10% per annum for up to 10 years.

During the year, \$44,180 was forgiven under the authority of Northern Affairs and National Resources Vote L51a, Appropriation Act No 9, 1966.

Inuvialuit Regional Corporation

A loan has been made to the Inuvialuit Regional Corporation pursuant to Section 6 of the Western Arctic (Inuvialuit) Claims Settlement Act to meet the monetary obligations of the Government under Section 15(4) of the agreement dated June 5, 1984, between the Committee for Original Peoples' Entitlement representing the Inuvialuit of the Inuvialuit Settlement Region, and the Government of Canada.

The total loan authority is \$30,000,000 per year as long as the total outstanding loans do not exceed \$79,091,000.

The loan bears interest at the rate of 8% per annum, calculated semi-annually, not in advance, and any accrued interest or loans outstanding, exceeding \$80,543,000 are repayable on December 31, 1989.

Native claimants

Loans have been made to native claimants, to defray the costs related to the research, development and negotiation of claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Vote L20, Appropriation Acts No 1 and No 2, 1988-89.

The terms and conditions of the loans are as follows:

- (a) loans made before an Agreement-in-Principle for the settlement of a claim is reached are non-interest bearing;
- (b) loans made after the date on which an Agreement-in-Principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,
- (c) loans are due and payable, as to principal and interest, on the date on which the claim is settled, or on a date fixed in the agreement, which shall be not later than March 31, 1998, whichever date is earlier.

Northern Canada Power Commission

The Corporation was established by the Northern Canada Power Commission Act, to construct, purchase, rent or otherwise acquire, operate and maintain electrical power plants within the Northwest Territories and the Yukon Territory and, with the approval of the Governor in Council, but subject to the laws of the provinces, elsewhere in Canada.

Loans

Loans have been made to the Corporation for capital expenditures. During the year, additional loans were authorized under the authority of Indian Affairs and Northern Development Vote L55, Appropriation Acts No 1 and No 2, 1988-89.

The loans bear interest at rates from 4% to 15.625% per annum, and are repayable annually up to March 31, 2024.

The Northern Canada Power Commission (Share Issuance and Sale Authorization) Act, as passed by the House of Commons on April 13, 1988, authorized:

- the conversion of debt due to Her Majesty of \$96 million into share capital of \$43 million and a promissory note of \$53 million (Sections 4(1) and 5);
- the transfer of the property, rights and interests of Her Majesty held in the name of the Corporation and used in relation to its operations in the Northwest Territories to the Corporation (Section 6(1));
- the transfer of all outstanding liabilities and obligations of Her Majesty incurred by the Corporation in relation to its operations in the Northwest Territories to the Corporation (Section 6(2));
- the sale of shares and the assignment of the promissory note to the Government of the Northwest Territories (Section 7); and,

- the write-off to budgetary expenditure and the deletion from the accounts of Canada of the excess of the value of the shares issued and of the promissory note as recorded in the accounts of Canada over the proceeds from the sale of shares and the assignment of the promissory note (Section 9(1)).

During the year, the shares were sold and the promissory note was assigned for a total cash amount of \$53 million. In addition, an amount of \$43 million was written-off to budgetary expenditure and deleted from the accounts of Canada. The Government recuperated \$1.5 million of accrued interest from April 1, 1988 to the date of the sale.

Advances

Section 16 of the Northern Canada Power Commission Act authorized the payment to the Commission of \$50,000 for the purpose of meeting expenditures incurred in carrying out investigations in accordance with Section 15 of the Act.

Yukon Energy Corporation

In accordance with Section 4(2) of the Northern Canada Power Commission Yukon Assets Disposal Authorization Act, the Northern Canada Power Commission (formerly a Crown corporation) transferred its assets in the Yukon Territory to the Yukon Energy Corporation effective March 31, 1987.

Loans have been made to assist the Yukon Energy Corporation in acquiring the Northern Canada Power Commission Yukon Assets pursuant to Section 7(1) of the Northern Canada Power Commission Yukon Assets Disposal Authorization Act.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) loans in the amount of \$15,200,000 bear interest at the rate of 9% per annum, are repayable in equal principal annual instalments of \$400,000 plus interest, with the final principal instalment on March 31, 1997 of \$12,000,000 plus interest; and,
- (b) loans in the amount of \$38,250,000 bear interest at the rate of 7% per annum, are repayable in equal principal annual instalments of \$1,000,000 plus interest with the final instalment on January 1, 2028. The instalment is subject to certain principal deferral and interest abatement provisions depending on the sales volume of electrical power.

Provincial workers' compensation boards

This account is operated under the authority of Section 4(6) of the Government Employees Compensation Act, to provide operating funds to enable provincial compensation boards to administer the Act on behalf of the Crown, and pay claims to Canadian Government employees injured in the course of their employment.

The total amount of advances that is authorized to be made to all provincial workers' compensation boards is not to exceed three months' disbursements for compensation.

The advances are non-interest bearing and are to be repaid on termination of agreements with provincial boards.

Canadian Forces housing projects

Advances have been made to the Canada Mortgage and Housing Corporation, in respect of loans arranged by the Corporation for housing projects for occupancy by members of the Canadian Forces.

The loans bear interest at rates from 4% to 5.75% per annum, and are repayable over 35 to 48 years, with final instalments between August 1, 1996 and November 1, 2010.

Burgeo Leasing Limited

Loans have been made to Burgeo Leasing Limited, for the construction of an extension to the wharf at Burgeo, Newfoundland. The total loan authority is \$240,000.

The loans bear interest based on the composite rate of 7.147% per annum, and are repayable in equal annual instalments over 25 years, with the final instalment on September 1, 1996.

Sydney Steel Corporation

Loans have been made to Sydney Steel Corporation, for the construction of wharf facilities at Sydney, Nova Scotia. The total loan authority is \$6,000,000.

The loans bear interest at the rate of 9.078% per annum, and are repayable in equal annual instalments over 20 years, with the final instalment on June 12, 1998. The instalments are in arrears since June 1, 1979. Parliamentary authority is required to write-off the balance.

Canadair Limited

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to manufacture and sell aircraft.

Loans have been made to the Corporation for the financing of water bomber aircraft, such loans to be recovered on the sale of the aircraft.

The loans are non-interest bearing and are repayable only when the aircraft are sold.

Canadian defence industry

Advances have been made to assist Canadian defence industry with plant modernization.

The advances are non-interest bearing, and are repayable over 1 to 7 years, with final instalments between April 1, 1989 and December 31, 1994.

Company stock option

This account records the purchase by the General Adjustment Assistance Board and the Enterprise Development Board, on behalf of Her Majesty in right of Canada, of the capital stock of a company in order to exercise a stock option in such company that has been taken by the Board in connection with the provision of a loan, or of insurance of a loan or a letter of credit made or issued to the company in accordance with the General Adjustment Assistance Regulations, the Automotive Manufacturing Assistance Regulations, or under the Enterprise Development Program, where, in the opinion of a Board estab-

lished pursuant to Section 12 of the Department of Regional Industrial Expansion Act:

- (i) the value of the capital stock of the company has increased as a result of the assistance provided and the stock option should be exercised, in order to permit Her Majesty in right of Canada to benefit from the increased value of the capital stock of the company; or,
 - (ii) the stock option should be exercised, to protect the Crown's interest in respect of the loan made or insurance provided; and,
- to authorize the sale or other disposition of any capital stock so acquired.

During the year, additional purchases were authorized by Regional Industrial Expansion Vote L20, Appropriation Acts No 1 and No 2, 1988-89.

Industrial and regional development program

Loans have been made to firms and industries to help them adjust to changing competitive conditions and to produce new, more viable and competitive products and services.

The remaining loan bears interest at the rate of 12.625% per annum, and is repayable between April 1, 1989 and December 31, 1998.

Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

During the year, an additional loan was authorized by Regional Industrial Expansion Vote L25, Appropriation Acts No 1 and No 2, 1988-89. One of the loans bears interest at rates from 9.375% to 10.375% per annum, and is repayable over 7 to 8 years, with final instalments between December 31, 1994 and December 1, 1995. The other loan is interest-free unless it is in default, and it will be repaid in one instalment of \$110 million on April 1, 2017.

Parolees

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is \$50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter. The repayment of a loan or any part thereof may be forgiven by the Solicitor General, if certain conditions are met.

During the year, loans totalling \$13,431 were forgiven pursuant to Solicitor General Vote L103b, Appropriation Act No 1, 1969.

Canadian Commercial Bank

This account represents the amount the Receiver General for Canada had on deposit with the Canadian Commercial Bank at the time the Bank ceased operation on September 1, 1985. Since this amount was not covered for reimbursement under the Financial Institutions Depositors Compensation Act, parliamentary authority is required to write-off the balance.

Defence production loan account

This account was established pursuant to Section 18 of the Defence Production Act, to record loans or advances for any purpose other than to assist in the construction, acquisition, extension or improvement of capital equipment or works by any person.

Section 19 of the Defence Production Act stated that the aggregate of expenditures charged to the Defence production revolving fund (budgetary account), and to this account, shall not at any time exceed by more than \$100,000,000 the aggregate of amounts:

- (a) received from the sale or disposition of materials, substances or defence supplies;
- (b) charged to another appropriation in respect of costs of acquisition, storage, maintenance or transportation of stocks of materials or substances purchased, or of stocks of defence supplies acquired, where such materials, substances or defence supplies may be acquired under that appropriation;
- (c) charged to an appropriation or paid by an agent of Her Majesty or by an associated government, to pay costs incurred in respect of defence supplies, payment for which was made out and charged to the Defence production revolving fund; and,
- (d) received in repayment of a loan or advance previously charged to this account.

The balance in the account represents:

- a repayment of \$1.7 million owed to this account by CAE Aircraft, which is in dispute concerning the date when repayment is due. Legal counsel is of the opinion that no loss to the Government will be incurred; and,
- loans of \$25 million which have been issued to Expro Chemical Products Inc for the specific purpose of meeting its working capital requirements.

The loans bear interest at rates from 9.865% to 10.590% per annum, and are repayable in quarterly instalments over 5 to 10 years, with the final instalment in October, 1998.

Corporation of the City of Montreal

A loan has been made to the Corporation of the City of Montreal, for the construction of a vehicular tunnel under the Lachine Canal at Atwater Avenue.

The loan bears interest at the rate of 3.125% per annum, and is repayable in equal annual instalments over 30 years, with the final instalment on June 20, 1991.

Hamilton Harbour Commissioners

Loans have been made to the Hamilton Harbour Commissioners, to assist in the development of the harbour.

The total amount authorized to be outstanding at any time is \$4,000,000.

The loan bears interest at the rate of 4.125% per annum, and is repayable in semi-annual instalments over 39 years, with the final instalment on January 31, 2001.

Northern Transportation Company Limited

A loan has been made to 141606 Canada Limited, to finance the acquisition of the former Northern Transportation Company Limited. On July 15, 1985, both corporations were amalgamated under the name of Northern Transportation Company Limited.

The loan bears interest at the rate of 4% per annum, is repayable in annual instalments equal to 40% of the annual cash flow of the Company, and has an indefinite maturity date.

Port Alberni Harbour Commission

Loans have been made to the Port Alberni Harbour Commission, to finance the construction of a new lumber assembly wharf.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 8.062% per annum, repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1991, \$112,841; and,
- (b) bearing interest at the rate of 7.187% per annum, repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1991, \$314,350.

Thunder Bay Harbour Commission

Loans have been made to the Thunder Bay Harbour Commission, for the expansion of the Keefer terminal.

The loans bear interest at the rate of 7.437% per annum, and are repayable in semi-annual instalments over 15 years, with the final instalment on June 30, 1989.

Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was £30,000 UK. This balance was converted to \$60,300 Cdn, using the year-end rate of exchange (£1UK = \$2.0100 Cdn).

The advances are non-interest bearing and have no fixed terms of repayments.

ALLOWANCE FOR VALUATION

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated realizable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

SUPPLEMENTARY STATEMENTS**Loans, Investments and Advances by Type**

Table 6.22 reports the balances and transactions by type for loans, investments and advances. The types of transactions identify the causes for increases and decreases to loans, investments and advances.

TABLE 6.22**LOANS, INVESTMENTS AND ADVANCES BY TYPE**

	1988-89	1987-88
	\$	\$
Opening balance	23,480,030,300	24,989,210,127
RECEIPTS AND OTHER CREDITS—		
Settlement with cash	4,114,326,075	4,383,806,046
Settlement with other assets	205,323	59,839,474
Foreign currency translation	43,959,670	54,978,931
Write-off	111,550,840	1,459,545,588
Other adjustments	285,416,975	255,158,488
Allowance for valuation	1,000,000,000	100,000,000
	5,555,458,883	6,313,328,527
	17,924,571,417	18,675,881,600
PAYMENTS AND OTHER CHARGES—		
Acquisition with cash	3,630,065,029	3,724,261,956
Acquisition with other assets	401,329,577	324,398,202
Other adjustments	243,474,987	355,488,542
Allowance for valuation	200,000,000	400,000,000
	4,474,869,593	4,804,148,700
Closing balance	22,399,441,010	23,480,030,300

Recorded Uncollected Interest

In accordance with the Government's stated accounting policies, interest due but not received is not reported as revenue. In certain cases, this uncollected interest is recorded by being added to the applicable loan and advance account, and credited to an uncollected interest account. Since the Government's policy is to report revenue only as received, the balance of the uncollected interest account is deducted from the loan and advance account, to present it on a net basis.

Table 6.23 reports the balances and transactions for the year in respect of the recorded uncollected interest.

TABLE 6.23
RECORDED UNCOLLECTED INTEREST

	April 1/1988	Additions	Collections and deletions	March 31/1989
	\$	\$	\$	\$
Loans, investments and advances—				
Crown corporations—				
All other Crown corporations—				
Atomic Energy of Canada Limited—				
Housing	4,022		617	3,405
Bruce heavy water plant	26,676,036		4,850,593	21,825,443
Commercial products division	88,412		20,291	68,121
Lepreau nuclear station	48,115,369		778,853	47,336,516
	74,883,839		5,650,354	69,233,485
Canada Development Investment Corporation—				
Eldorado Nuclear Limited	10,093,433			10,093,433
Provincial and territorial governments—				
Federal-provincial employment loans program	62,794		8,314	54,480
Special development loans program	2,287		399	1,888
Winter capital projects fund	2,385,438		147,811	2,237,627
Atlantic Development Board carry-over projects	130,163		2,628	127,535
Special areas and highways agreement	28,864,165		1,483,515	27,380,650
Regional electrical interconnections	13,170,803		227,093	12,943,710
Agricultural service centres—Loans	410,893		25,627	385,266
Atlantic Provinces Power Development Act	11,398,574		434,457	10,964,117
Yukon Territory small business loans	544,763	87,712		632,475
National governments including developing countries—				
Jamaica—Economic assistance	22,025,938		15,000,000	7,025,938
The United Kingdom Financial Agreement Act, 1946	115,802,213			115,802,213
International organizations—				
International financial institutions—				
Inter-American Development Bank	6,875,388	818,661		7,694,049
Miscellaneous—				
Hydro-Quebec Research Institute	2,027,972		126,639	1,901,333
Northern Canada Power Commission—Loans	623,283		623,283	
Northern Transportation Company Limited	786,627	288,223		1,074,850
Saint John Harbour Bridge Authority	1,095,601	154,745		1,250,346
	291,184,174	1,349,341	23,730,120	268,803,395

SECTION 7

1988-89

PUBLIC ACCOUNTS

Specified Purpose Accounts

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SPECIFIED PURPOSE ACCOUNTS

Specified purpose accounts represent the recorded value of the financial obligations of the Government of Canada in its role as administrator of certain public moneys received or collected for specified purposes, under or pursuant to the legislation, trusts, treaties, undertakings or contracts. These public moneys may be paid out only for the purposes specified in or pursuant to the legislation, trusts, treaties, undertakings or contracts.

Because of the dedicated purposes of these moneys, specific accounts are required to be maintained to provide an accounting mechanism to ensure that the moneys are used only for the purposes for which they were received or collected. Legislation relating to some accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

This section gives details of specified purpose accounts on which summary information was given in Sections 1 and 2 of this volume.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges. In addition, the term "account(s) without current transactions" has been included in some tables, to show the net result of transactions in accounts which were closed out in the previous year.

The financial statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Auditor General's reports thereon, are presented at the end of this section.

TABLE 7.1

SPECIFIED PURPOSE ACCOUNTS

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (-)	
	\$	\$	\$	\$	1989	1988
Canada Pension Plan Account,						
Table 7.2	36,021,075,899	12,963,421,336	11,381,615,649	37,602,881,586	1,581,805,687	1,788,369,871
Less: provincial and territorial government securities held by the Canada Pension Plan Investment Fund, Table 7.2	31,245,202,000	732,804,000	1,545,119,000	32,057,517,000	812,315,000	786,609,000
	4,775,873,899	13,696,225,336	12,926,734,649	5,545,364,586	769,490,687	1,001,760,871
Superannuation accounts, Table 7.4	52,087,666,496	7,690,088,139	1,865,071,557	57,912,683,078	5,825,016,582	5,418,656,955
Less: amortization of actuarial deficiencies, Table 7.4						-3,987,200
	52,087,666,496	7,690,088,139	1,865,071,557	57,912,683,078	5,825,016,582	5,422,644,155
Government Annuities Account	987,438,381	65,944,620	105,161,114	948,221,887	-39,216,494	-36,881,411
Deposit and trust accounts, Table 7.10	1,790,808,101	5,581,793,792	6,105,220,958	1,267,380,935	-523,427,166	-49,610,748
Provincial tax collection agreements account, Table 7.13	2,496,924,798	20,866,377,757	21,597,552,190	1,765,750,365	-731,174,433	1,050,243,382
Other specified purpose accounts, Table 7.14	848,457,685	8,766,358,354	8,636,381,472	978,434,567	129,976,882	94,318,014
Total	62,987,169,360	56,666,787,998	51,236,121,940	68,417,835,418	5,430,666,058	7,482,474,263

Note: the balances and the transactions of the Unemployment Insurance Account, the Canadian Ownership Account, the Western Grain Stabilization Account, the Crop Reinsurance Fund, the Agricultural Commodities Stabilization Accounts and other specified purpose accounts are reported in Section 5 of this volume since the transactions in these accounts are treated as budgetary.

Canada Pension Plan Account

The Canada Pension Plan is a compulsory contributory social insurance plan which enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. Established in 1965, the Plan applies in all parts of Canada, except the Province of Quebec which has a comparable plan.

Under existing arrangements, all benefits and costs incurred in the administration of the program are financed from contribu-

tions made by employees, employers and self-employed persons, and the interest earned from the investment of funds.

The Government's financial obligation, as administrator of the Canada Pension Plan, is limited to the balance in the Account.

Table 7.2 presents a summary of the balances and transactions in the Canada Pension Plan Account less investment in securities of the provinces and territories held by the Canada Pension Plan Investment Fund.

TABLE 7.2

CANADA PENSION PLAN ACCOUNT

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (-)	
	\$	\$	\$	\$	1989	1988
					\$	\$
Canada Pension Plan Account,						
Table 7.3	36,021,075,899	12,963,421,336	11,381,615,649	37,602,881,586	1,581,805,687	1,788,369,871
Less: provincial and territorial government						
securities held by the Canada Pension						
Plan Investment Fund—						
Newfoundland	700,543,000	14,237,000	41,635,000	727,941,000	27,398,000	31,829,000
Nova Scotia	1,316,250,000	29,179,000	78,450,000	1,365,521,000	49,271,000	56,877,000
Prince Edward Island	147,887,000	2,857,000	9,703,000	154,733,000	6,846,000	7,720,000
New Brunswick	966,174,000	21,767,000	59,314,000	1,003,721,000	37,547,000	43,068,000
Quebec	125,487,000	2,378,000	5,289,000	128,398,000	2,911,000	3,282,000
Ontario	15,900,897,000	411,993,000	589,319,000	16,078,223,000	177,326,000	55,113,000
Manitoba	1,848,188,000	42,250,000	105,971,000	1,911,909,000	63,721,000	50,545,000
Saskatchewan	1,519,093,000	35,908,000	93,932,000	1,577,117,000	58,024,000	58,670,000
Alberta	3,986,783,000	65,019,000	287,572,000	4,209,336,000	222,553,000	243,426,000
British Columbia	4,730,174,000	107,216,000	273,934,000	4,896,892,000	166,718,000	232,925,000
Northwest Territories						
Yukon Territory	3,726,000			3,726,000		3,154,000
	31,245,202,000	732,804,000	1,545,119,000	32,057,517,000	812,315,000	786,609,000
Total	4,775,873,899	13,696,225,336	12,926,734,649	5,545,364,586	769,490,687	1,001,760,871

Receipts and other credits include:

- (a) contributions of: (i) 2.0% of earnings by employees earning over \$2,600 for the 1988 calendar year and 2.1% of earnings over \$2,700 for the 1989 calendar year, subject to maximum payments of \$478 for the 1988 calendar year and \$525 for the 1989 calendar year, with matching contributions by employers and (ii) 4.0% of earnings of self-employed persons over \$2,600 for the 1988 calendar year and 4.2% of earnings over \$2,700 for the 1989 calendar year, subject to maximum payments of \$956.20 for the 1988 calendar year and \$1,050 for the 1989 calendar year;
- (b) interest received from securities of the Canada Pension Plan Investment Fund, and from the average daily operating balance; and,
- (c) funds received from the federal and provincial governments for securities which have been redeemed.

Payments and other charges include:

- (a) benefits paid under the Canada Pension Plan as retirement pensions, survivors' benefits paid to widows, widowers and orphans, or as lump sum death benefits, and disability pensions and benefits to children of disabled contributors;
- (b) benefits paid and recovered from the Canada Pension Plan, in accordance with an agreement with a province providing a comprehensive pension plan;
- (c) payments that are required to be charged to the Canada Pension Plan Account, in accordance with reciprocal agreements with other countries;
- (d) the costs of administration of the Plan; and,
- (e) funds invested during the year in the securities of the federal, provincial and territorial governments.

When the operating balance exceeds the estimated amount required to meet all payments in the following three-month period, the excess is available for the purchase of securities of the provinces, territories and Canada.

Provinces and territories are advised monthly of the amount of excess moneys in the Canada Pension Plan Account that is available for the purchase of provincial and territorial securities. The amount available to each province and territory is the proportion that contributions made to the Plan during the preceding ten years in respect of employment in the province or territory bears to total contributions. Contributions received in respect of employment from employees outside Canada as well as any excess funds not invested in the securities of the provinces and territories are invested in the special non-marketable bonds of the Government of Canada.

Certain federal employees, such as members of the Canadian Armed Forces, who are resident in the Province of Quebec, contribute to the Canada Pension Plan. The securities of Quebec which are purchased by the Plan relate to the contributions of these employees.

On the Statement of Assets and Liabilities of the Government of Canada, the investment in securities issued by provinces and territories, as charged to the Canada Pension Plan Investment Fund, is deducted from the Canada Pension Plan Account. The liability of the Government of Canada of \$5,545,364,586 at March 31, 1989 (\$4,775,873,899 as at March 31, 1988) is comprised of \$3,005,600,000 (\$2,491,847,000 in 1988) in special non-marketable bonds issued to the Canada Pension Plan Investment Fund (Section 10 in this volume) with the balance of \$2,539,764,586 (\$2,284,026,899 in 1988) being held on deposit in the Consolidated Revenue Fund to cover three months operating costs and the April purchase of securities.

TABLE 7.3

CANADA PENSION PLAN ACCOUNT
(in millions of dollars)

	1988-89	1987-88
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employees, employers and self-employed	6,248	5,583
Interest on investments	3,662	3,485
Interest on average daily operating balance	251	184
Canada Pension Plan Investment Fund transactions ⁽¹⁾	2,802	2,801
	12,963	12,053
PAYMENTS AND OTHER CHARGES—		
Benefits	8,445	7,329
Expenses	134	135
Canada Pension Plan Investment Fund transactions ⁽¹⁾	2,802	2,801
	11,381	10,265
Excess of receipts and other credits over payments and other charges	1,582	1,788
Funds applied—		
Purchase of bonds—		
Provincial and territorial	1,545	1,442
Federal	519	700
Increase in deposits with Receiver General	256	305
	2,320	2,447
Less: funds provided—		
Redemption of bonds—		
Provincial	733	655
Federal	5	4
	738	659
Net increase	1,582	1,788
Balance at beginning of year	36,021	34,233
Balance at end of year	37,603	36,021

⁽¹⁾ Amends reporting in the previous year's Public Accounts.

Superannuation Accounts

The Government provides pensions to retired employees or their dependants through pension schemes authorized by the Public Service Superannuation Act, the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act. These pensions are indexed to the cost of living under authority of the Supplementary Retirement Benefits Act. The Government's liabilities in its role as sponsor and administrator of these pension plans in respect of its employees and certain other contributors, are recorded in the relevant superannuation accounts.

Legislation for basic pensions provides for employee contributions (6 1/2% of salary less contributions to the Canada Pension Plan), employer contributions (prior year's employee contributions for members of the Public Service, and approximately 1.8 and 2.0 times current year's employee contributions for members of the Canadian Forces and the Royal Canadian Mounted Police respectively), allocation of interest (average market yield of 20 year Canada bonds weighted by the quarterly excess of receipts over disbursements in the three accounts each quarter over 20 years), and actuarial valuation deficiencies.

Legislation for indexing basic pensions does not require actuarial valuations but does provide for additional employee contributions (1% of salary), matching employer contributions and allocation of interest (current rate of 5 year Canada bonds).

Receipts and other credits for the superannuation accounts consist of contributions from personnel, related contributions from the Government and participating Public Service corporations, transfers from other pension funds, other Government contributions related to actuarial liability adjustments (not applicable to the Supplementary Retirement Benefits Account), and interest. Payments and other charges for the superannuation accounts consist of payments of pensions, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), refunds of contributions and transfers to other plans.

The Public Pensions Reporting Act, as passed by the House of Commons on February 10, 1986, requires that actuarial reviews be conducted at a date not later than four years after the last review date and, thereafter, at dates not more than three years apart, for each of the employer-sponsored pension plans, and the portion of the Supplementary Retirement Benefits Account that relates to these plans. As specified in that Act, the last review dates are deemed to be December 31, 1983 for the Public Service Superannuation Account, December 31, 1983 for the Canadian Forces Superannuation Account, and December 31, 1985 for the Royal Canadian Mounted Police Superannuation Account.

In accordance with the legislation governing the basic portion of the three superannuation plans, the Minister of Finance has the authority to direct that any actuarial deficiency found will be credited to the appropriate account, charged to unamortized portion of actuarial deficiencies, and amortized to expenditure in five equal annual instalments commencing in the year in which the actuarial report is laid before Parliament. In addition, the cost of added liabilities, created by the authorization of salary increases each year, is credited to the superannuation accounts, charged to unamortized portion of actuarial deficiencies, and amortized to expenditure over a period of five years commencing in the year in which the increases are authorized. In the current year, there were no actuarial deficiencies relating to each of the basic accounts.

Since the quarter ending September 30, 1969, the regulations, made pursuant to each of the superannuation acts, have provided for the calculation of interest on the basic accounts at a rate related to the Canada Pension Plan interest rate. The acts further provide that the amount by which the calculated interest rate (currently about 11% per annum) exceeds the amount of interest calculated at the rate used in the latest actuarial report (currently 6.5% per annum for the Public Service, Canadian Forces and Royal Canadian Mounted Police Superannuation Accounts), may be used to reduce the amortization of actuarial deficiency adjustments charged to budgetary expenditure. Any of these interest earnings not needed to reduce amortization charges are credited to the respective Accounts.

Table 7.4 presents a summary of the balances and transactions for the superannuation accounts including the amortization of actuarial deficiencies.

Table 7.5 presents a summary of transactions in the superannuation accounts that resulted in charges to budgetary expenditure. In 1988-89, \$7,550 million was charged to budgetary expenditure on account of superannuation plans. This was

composed of Government contributions, \$903 million; increased superannuation benefits paid during the year due to indexation in excess of the superannuates' share of contributions plus interest to the Supplementary Retirement Benefits Account, \$899 million; and, interest, \$5,748 million.

TABLE 7.4

SUPERANNUATION ACCOUNTS

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (-)	
	\$	\$	\$	\$	1989	1988
Public Service Superannuation Account, Table 7.6	27,609,499,885	4,196,491,012	1,196,036,363	30,609,954,534	3,000,454,649	2,840,143,208
Canadian Forces Superannuation Account, Table 7.7	17,801,685,597	2,368,412,592	524,053,955	19,646,044,234	1,844,358,637	1,690,821,392
Less: amortization of actuarial deficiencies						-3,987,200
	17,801,685,597	2,368,412,592	524,053,955	19,646,044,234	1,844,358,637	1,694,808,592
Royal Canadian Mounted Police Superannuation Account, Table 7.8	2,757,745,978	446,890,702	50,171,853	3,154,464,827	396,718,849	350,827,783
Supplementary Retirement Benefits Account, Table 7.9	3,918,735,036	678,293,833	94,809,386	4,502,219,483	583,484,447	536,864,572
Total	52,087,666,496	7,690,088,139	1,865,071,557	57,912,683,078	5,825,016,582	5,422,644,155
Summary—						
Superannuation accounts	52,087,666,496	7,690,088,139	1,865,071,557	57,912,683,078	5,825,016,582	5,418,656,955
Less: amortization of actuarial deficiencies						-3,987,200
Total	52,087,666,496	7,690,088,139	1,865,071,557	57,912,683,078	5,825,016,582	5,422,644,155

TABLE 7.5

SUMMARY OF TRANSACTIONS IN SUPERANNUATION ACCOUNTS THAT RESULTED IN CHARGES TO BUDGETARY EXPENDITURE
(in millions of dollars)

	1988-89				1987-88
	Government contributions	Statutory payments under Supplementary Retirement Benefits Account	Interest	Total	
Public Service Superannuation Account	434	528	3,075	4,037	3,703
Canadian Forces Superannuation Account	255	344	1,968	2,567	2,347
Royal Canadian Mounted Police Superannuation Account	99	27	307	433	377
Supplementary Retirement Benefits Account	115		398	513	447
Total	903	899	5,748	7,550	6,874

Public Service Superannuation Account

This account is operated under the Public Service Superannuation Act.

The unamortized portion of the actuarial deficiency in the Public Service Superannuation Account at the end of the current year remained as nil. No actuarial liability adjustment was made in either 1987-88 or 1988-89 as a result of actuarial reviews or salary increases authorized in excess of 5%.

TABLE 7.6**PUBLIC SERVICE SUPERANNUATION ACCOUNT**

	1988-89	1987-88
	\$	\$
Opening balance	27,609,499,885	24,769,356,677
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Government employees	405,918,241	415,774,165
Retired employees	24,135,222	21,698,502
Public Service corporation employees	124,831,159	120,587,678
Matching contributions—		
Government	434,184,433	426,908,825
Public Service corporations	123,439,702	119,051,524
Transfers from other pension funds	8,572,869	9,376,431
Interest	3,075,409,386	2,774,885,738
	4,196,491,012	3,888,282,863
	31,805,990,897	28,657,639,540
PAYMENTS AND OTHER CHARGES—		
Annuities	1,026,075,909	919,954,916
Cash termination allowances	415,443	363,360
Minimum benefits	10,472,876	11,307,990
Returns of contributions—		
Government employees	63,796,403	58,579,872
Public Service corporation employees	23,619,449	22,538,086
Transfers to other pension funds	71,656,283	35,395,431
	1,196,036,363	1,048,139,655
Closing balance	30,609,954,534	27,609,499,885

Canadian Forces Superannuation Account

This account is operated under the Canadian Forces Superannuation Act.

The unamortized portion of the actuarial deficiency in the Canadian Forces Superannuation Account at the end of the current year remained as nil. No actuarial liability adjustment was made in either 1987-88 or 1988-89 as a result of actuarial reviews or salary increases authorized in excess of 5%.

TABLE 7.7**CANADIAN FORCES SUPERANNUATION ACCOUNT**

	1988-89	1987-88
	\$	\$
Opening balance	17,801,685,597	16,110,864,205
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel	142,172,624	138,871,662
Contributions by the Government	255,398,413	247,249,158
Interest	1,967,694,725	1,781,688,601
Other	3,146,830	2,450,178
	2,368,412,592	2,170,259,599
	20,170,098,189	18,281,123,804
PAYMENTS AND OTHER CHARGES—		
Pensions and retiring allowance payments	498,917,647	459,239,664
Cash termination allowances and returns of contributions	24,514,320	18,850,465
Transfers to Public Service Superannuation Account (Treasury Board)	628,592	1,351,138
Other	-6,604	-3,060
	524,053,955	479,438,207
Closing balance	19,646,044,234	17,801,685,597

Royal Canadian Mounted Police Superannuation Account

This account is operated under the Royal Canadian Mounted Police Superannuation Act.

The unamortized portion of the actuarial deficiency in the Royal Canadian Mounted Police Superannuation Account at the end of the current year remained as nil. No actuarial liability adjustment was made in either 1987-88 or 1988-89 as a result of actuarial reviews or salary increases authorized in excess of 5%.

TABLE 7.8**ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION ACCOUNT**

	1988-89	1987-88
	\$	\$
Opening balance	2,757,745,978	2,406,918,195
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel (current and arrears)	41,127,536	40,261,964
Contributions by the Government	98,693,091	81,888,995
Interest	307,070,075	271,063,736
	446,890,702	393,214,695
	3,204,636,680	2,800,132,890
PAYMENTS AND OTHER CHARGES—		
Annuities and allowance payments	47,863,128	39,723,295
Cash termination allowance payments, returns of contributions and gratuities	1,914,197	2,227,450
Transfers to other pension funds	151,797	177,601
Interest on returns of contributions	242,731	258,566
	50,171,853	42,386,912
Closing balance	3,154,464,827	2,757,745,978

Supplementary Retirement Benefits Account

This account was established by the Supplementary Retirement Benefits Act, to provide for the payment of increased pension benefits resulting from indexation.

The Chief Actuary of the Office of the Superintendent of Financial Institutions has estimated that the actuarial present value of unfunded supplementary retirement benefits, including provision for future indexation, in respect of benefits earned or in pay as at March 31, 1989, could be between \$850 million and \$6 billion. These estimates are based on dynamic economic assumptions which incorporate, initially, the current high interest rates as well as current price and salary increase levels. These economic assumptions are blended gradually into long-term economic assumptions which in the case of the \$850 million estimate are: interest on new funds of 4.5%, general wage increases of 2.5% and an inflation rate of 2%. In the case of the \$6 billion estimate, the economic assumptions are: interest on new funds of 6%, general wage increases of 5% and an inflation rate of 3.5%. In both instances, the assumed fund yield has been reduced by 1% over the medium term to provide a margin to take into account possible adverse economic experience.

Increased superannuation benefits paid during the year due to indexation amounted to \$970 million (\$893 million in 1987-88), of which \$899 million (\$839 million in 1987-88) represents benefits to superannuates in excess of their share of contributions to the account which has been charged to budgetary expenditure. The payments charged to budgetary expenditure on behalf of contributors amounted to \$528 million (\$501 million in 1987-88) for the Public Service Superannuation Account of which it is estimated that \$43 million (\$40 million in 1987-88) pertains to former employees of Public Service corporations, \$344 million (\$314 million in 1987-88) for the Canadian Forces Superannuation Account, and \$27 million (\$24 million in 1987-88) for the Royal Canadian Mounted Police Superannuation Account. An amount of \$71 million (\$54 million in 1987-88) was charged to the Supplementary Retirement Benefits Account.

TABLE 7.9

SUPPLEMENTARY RETIREMENT BENEFITS ACCOUNT (in thousands of dollars)

	Public Service		Canadian Forces		Royal Canadian Mounted Police		Parliament		Others		Total	
	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88
Opening balance	2,908,740	2,511,406	783,886	678,394	209,268	178,295	6,478	5,669	10,363	8,106	3,918,735	3,381,870
RECEIPTS AND OTHER CHARGES—												
Employee contributions—												
Public Service corporations	25,551	23,642									25,551	23,642
Government	78,857	80,171	27,898	26,949	7,709	7,365	262	244	760	715	115,486	115,444
Matching contributions—												
Public Service corporations	24,082	24,165									24,082	24,165
Government	78,783	80,167	27,837	26,886	7,706	7,364	246	243	761	715	115,333	115,375
Interest	294,842	246,743	79,448	66,801	21,617	17,358	641	535	1,095	833	397,643	332,270
Transfers from other pension funds	162	295	2	2	35	81					199	378
	502,277	455,183	135,185	120,638	37,067	32,168	1,149	1,022	2,616	2,263	678,294	611,274
	3,411,017	2,966,589	919,071	799,032	246,335	210,463	7,627	6,691	12,979	10,369	4,597,029	3,993,144
PAYMENTS AND OTHER CHARGES—												
Annuities	55,441	40,644	14,204	11,448	1,080	733	249	206	12	6	70,986	53,037
Cash termination allowances	34	14									34	14
Minimum benefits	570	557									570	557
Returns of contributions—												
Public Service corporations	4,453	4,189									4,453	4,189
Government	11,867	10,855	4,259	3,553	395	444	148	7			16,669	14,859
Transfers to other pension funds	2,012	1,590	62	145	23	18					2,097	1,753
	74,377	57,849	18,525	15,146	1,498	1,195	397	213	12	6	94,809	74,409
Closing balance	3,336,640	2,908,740	900,546	783,886	244,837	209,268	7,230	6,478	12,967	10,363	4,502,220	3,918,735

Government Annuities Account

This account was established by the Government Annuities Act, and modified by the Government Annuities Improvement Act, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Consolidated Revenue Fund.

The purpose of the Government Annuities Act was to assist Canadians to provide for their later years, by the purchase of Government annuities. The Government Annuities Improvement Act increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously unlocated annuitants, earned interest and items transferred from previous years' revenue to cover the actuarial deficit. Payments and other charges represent matured annuities,

the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed items transferred to non-tax revenue. The amounts of unclaimed annuities, related to annuitants who cannot be located, are transferred to non-tax revenue.

Deposit and Trust Accounts

Deposit and trust accounts is a group of liabilities representing the Government's financial obligations in its role as administrator of certain moneys that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by securities, these are deducted from the corresponding accounts to show the Government's net liability.

Table 7.10 presents a summary of the balances and transactions in deposit and trust accounts.

TABLE 7.10

DEPOSIT AND TRUST ACCOUNTS

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (-)	
	\$	\$	\$	\$	1989	1988
Deposit accounts—						
Agriculture—						
Canadian Dairy Commission account	33,500,174	746,226,352	738,013,279	41,713,247	8,213,073	-12,905,584
Guarantee deposits—Canada Agricultural Products Standards Act	737	800		1,537	800	-18
	33,500,911	746,227,152	738,013,279	41,714,784	8,213,873	-12,905,602
Communications—						
Canadian Film Development Corporation—						
Advance account (!)						
Employment and Immigration—						
Immigration guarantee fund	5,018,210	2,645,626	1,440,915	6,222,921	1,204,711	-246,279
Less: securities held in trust	50,000			50,000		
	4,968,210	2,645,626	1,440,915	6,172,921	1,204,711	-246,279
Energy, Mines and Resources—						
Guarantee deposits—Oil and gas	62,671,326	29,392,218	30,007,076	62,056,468	-614,858	29,184,988
Less: securities held in trust	60,540,045	29,731,295	24,474,503	55,283,253	-5,256,792	28,191,980
	2,131,281	59,123,513	54,481,579	6,773,215	4,641,934	993,008
Environment—						
Guarantee deposits	5,000		5,000		-5,000	2,000
Less: securities held in trust	5,000	5,000			-5,000	2,000
		5,000	5,000			
External Affairs—						
Fairs and missions	34,765	41,483	8,692	67,556	32,791	17,455
Finance—						
Canada Development Investment Corporation—						
Canadair Limited	5,500,000			5,500,000		
The de Havilland Aircraft of Canada, Limited	57,160,137		3,829,899	53,330,238	-3,829,899	-10,944,023
Crown corporations' surplus moneys—						
St Lawrence Seaway Authority, The	13,000,000		13,000,000		-13,000,000	
	75,660,137		16,829,899	58,830,238	-16,829,899	-10,944,023
Indian Affairs and Northern Development—						
Field British Columbia and Yukon Operations of the Northern Canada Power Commission	1,560,317	6,000	185,525	1,380,792	-179,525	1,560,317
Guarantee deposits	41,109,585	20,737,015	41,783,376	20,063,224	-21,046,361	-121,104,692
Less: securities held in trust	40,641,375	41,592,294	20,434,675	19,483,756	-21,157,619	-121,075,498
	468,210	62,329,309	62,218,051	579,468	111,258	-29,194

TABLE 7.10

DEPOSIT AND TRUST ACCOUNTS—Continued

	Net increase or decrease (—)					
	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	1989	1988
	\$	\$	\$	\$	\$	\$
Guarantee deposits—						
Reserve resources	522,619	198,964	69,918	651,665	129,046	24,482
Less: securities held in trust		40,000	90,000	50,000	50,000	
	522,619	238,964	159,918	601,665	79,046	24,482
Guarantee deposits—						
Rotating herds	3,961	410		4,371	410	870
Indian contributions to the subsidy housing program	19,959			19,959		
Indian savings accounts	140,406,269	17,019,783	9,698,950	147,727,102	7,320,833	11,885,316
	142,981,335	79,594,466	72,262,444	150,313,357	7,332,022	13,441,791
Justice—						
Supreme Court of Canada—						
Security for costs	176,547	30,075	58,366	148,256	—28,291	15,233
National Revenue—						
Customs and Excise—						
Guarantee deposits	10,989,959	1,561,267	6,380,474	6,170,752	—4,819,207	—515,823
Less: securities held in trust	10,612,500	6,318,000	524,800	4,819,300	—5,793,200	—630,500
	377,459	7,879,267	6,905,274	1,351,452	973,993	114,677
Temporary deposits received from importers	1,739,377		154,341	1,585,036	—154,341	—916,564
Less: deposits in special bank accounts	1,739,377	154,341	154,341	1,585,036	—154,341	—916,564
	377,459	8,033,608	7,059,615	1,351,452	973,993	114,677
Privy Council—						
Chief Electoral Officer—Candidates' election deposits		317,200	317,200			
Public Works—						
Harbourfront capital account	9,631,931	5,347,649	8,140,483	6,839,097	—2,792,834	10,301,664
Regional Industrial Expansion—						
Canada Post Corporation account ⁽²⁾	508,496,998	4,226,712,459	4,705,506,372	29,703,085	—478,793,913	—60,066,546
Supply and Services—						
Contractors' security deposits (departments and agencies)—						
Bonds	6,792,925	2,653,612	2,260,766	7,185,771	392,846	—585,875
Less: securities held in trust	6,804,025	2,836,025	3,217,771	7,185,771	381,746	—574,775
	—11,100	5,489,637	5,478,537		11,100	—11,100
Cash	23,606,374	24,626,728	27,821,419	20,411,683	—3,194,691	2,762,343
Certified cheques	4,221,174	759,669	1,932,629	3,048,214	—1,172,960	598,683
Less: securities held in trust	4,220,980	2,160,017	987,562	3,048,525	—1,172,455	294,474
	194	2,919,686	2,920,191	—311	—505	304,209
Royal Canadian Mint account	35,489,927	161,631,500	197,235,333	—113,906	—35,603,833	17,673,018
	59,085,395	194,667,551	233,455,480	20,297,466	—38,787,929	20,728,470
Accounts without current transactions						—17,834,118
Total deposit accounts	837,044,969	5,322,745,782	5,837,579,324	322,211,427	—514,833,542	—56,384,270
Trust accounts—						
Agriculture—						
Canagrex trust fund	82,743			82,743		
Communications—						
National Library—Special operating account	13,753		8,156	5,597	—8,156	—9,403
National Museums of Canada—						
Trust account	1,405,648	2,955,662	1,987,052	2,374,258	968,610	116,101
Less: securities held in trust	2,000			2,000		
	1,403,648	2,955,662	1,987,052	2,372,258	968,610	116,101
	1,417,401	2,955,662	1,995,208	2,377,855	960,454	106,698
Consumer and Corporate Affairs—						
Income from securities in trust—Bankruptcy Act	72,267	3,757		76,024	3,757	4,765
Securities in trust—Bankruptcy Act	31,266			31,266		
Less: securities held in trust	31,266			31,266		

TABLE 7.10

DEPOSIT AND TRUST ACCOUNTS—Continued

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (–)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Unclaimed dividends and undistributed assets—						
Bankruptcy Act	2,769,151	1,101,918	1,173,431	2,697,638	-71,513	232,470
Canada Business Corporations Act	96,394			96,394		62
Winding-up Act	485,166	207,491	32	692,625	207,459	308,701
	3,422,978	1,313,166	1,173,463	3,562,681	139,703	545,998
Environment—						
Marconi celebration trust fund	150,000	123,236	223,236	50,000	-100,000	50,000
Parks Program—						
Devonian Foundation deposit account	5,812	3	5,815		-5,812	5,812
National Archives of Canada—Mackenzie King trust account ⁽¹⁾	276,944	275,489	282,158	270,275	-6,669	729
National Battlefields Commission—						
Trust fund	140,806	13,537		154,343	13,537	13,195
	573,562	412,265	511,209	474,618	-98,944	69,736
External Affairs—						
Canada Foundation account	361,373	16,519	88,501	289,391	-71,982	61,087
Less: securities held in trust	315,955	564,828	532,214	283,341	-32,614	269,894
deposits in a special bank account	45,418	574,815	535,447	6,050	-39,368	-208,807
		1,156,162	1,156,162			
Canadian International Development Agency—						
International agencies—Travel account	31,283			31,283		10,104
	31,283	1,156,162	1,156,162	31,283		10,104
Finance—						
Common school funds—Ontario and Quebec	2,677,771			2,677,771		
Foreign claims fund	144,027	26,461	27,792	142,696	-1,331	3,953
Halifax 1917 explosion pension account	869,491	70,710	132,447	807,754	-61,737	-89,139
Less: securities held in trust	100,000			100,000		-90,000
	769,491	70,710	132,447	707,754	-61,737	861
War claims fund—						
World War II	4,079	37		4,116	37	-11,007,713
	3,595,368	97,208	160,239	3,532,337	-63,031	-11,002,899
Fisheries and Oceans—						
Great Lakes Fishery Commission—						
Lamprey research and control	143,502	1,477,017	1,344,296	276,223	132,721	128,911
Indian Affairs and Northern Development—						
Indian agencies revenue trust bank accounts	110,613	7,298,068	7,320,788	87,893	-22,720	-1,628
Less: deposits in special bank accounts	110,813	7,320,989	7,298,069	87,893	-22,920	-1,628
	-200	14,619,057	14,618,857		200	
Indian band funds—						
Capital accounts, Table 7.11	738,057,907	79,484,050	73,750,725	743,791,232	5,733,325	-8,297,001
Revenue accounts, Table 7.12	109,900,957	98,759,972	107,004,205	101,656,724	-8,244,233	28,107,823
	847,958,864	178,244,022	180,754,930	845,447,956	-2,510,908	19,810,822
Indian band funds—						
Shares and certificates	20,000			20,000		
Less: securities held in trust	20,000			20,000		
Indian compensation funds	157,053	16,361	2,486	170,928	13,875	30,358
Indian estate accounts	18,467,214	6,780,507	6,679,148	18,568,573	101,359	1,220,274
Less: securities held in trust	113			113		
	18,467,101	6,780,507	6,679,148	18,568,460	101,359	1,220,274
Indian moneys suspense account	10,966,490	9,944,029	12,186,165	8,724,354	-2,242,136	2,518,016
Indian special accounts	955,050	213,314	89,399	1,078,965	123,915	114,977
1924 Ontario lands agreement	4,379,549	1,779,183		6,158,732	1,779,183	
	882,883,907	211,596,473	214,330,985	880,149,395	-2,734,512	23,694,447

TABLE 7.10

DEPOSIT AND TRUST ACCOUNTS—Continued

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (—)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Justice—						
Federal Court of Canada—						
Federal Court special account	10,151,481	3,620,053	3,980,963	9,790,571	—360,910	3,119,541
Labour—						
Fair wages suspense account	20,110	25,638	45,103	645	—19,465	15,159
Labour standards suspense account	226,272	165,235	149,380	242,127	15,855	46,661
	246,382	190,873	194,483	242,772	—3,610	61,820
National Defence—						
Estates—Armed services	287,532	2,540,125	2,562,646	265,011	—22,521	—14,914
Herbert Lott naval trust fund	175	4,598	4,773		—175	—230
	287,707	2,544,723	2,567,419	265,011	—22,696	—15,144
National Health and Welfare—						
Canadian Sports Pool Corporation—						
Other outstanding liabilities	186,276	129	3,535	182,870	—3,406	—11,290
Donation—Construction of Olympic						
Complex	158,195	1,065,664	1,223,859		—158,195	158,195
Inuvik General Hospital	2,773			2,773		
Post-occupancy evaluation method-						
ology	17,902	42,311	31,160	29,053	11,151	—27,475
Review of liability and compen-						
sation issues in health						
care	216,120	83,920	143,873	156,167	—59,953	216,120
Sioux Lookout Zone Hospital	4,941		2,667	2,274	—2,667	1,378
Ted Harrison poster fund	2,725	445	968	2,202	—523	800
Medical Research Council—						
Donations for research	52,989	268,168		321,157	268,168	—48,730
Dyskinesia and torticollis research	83,691	6,865	7,500	83,056	—635	—4,990
Farquharson scholarships	9,066	713	6,300	3,479	—5,587	—5,590
	734,678	1,468,215	1,419,862	783,031	48,353	278,418
Science and Technology—						
Natural Sciences and Engineering Research						
Council—Donation trust fund	41,192		22,720	18,472	—22,720	8,572
Trust fund	449,508	674,902	606,549	517,861	68,353	154,456
Science Council of Canada—						
Claudia de Hueck trust fund	373,969	34,318		408,287	34,318	28,084
	864,669	709,220	629,269	944,620	79,951	191,112
Solicitor General—						
Canadian Security Intelligence						
Service—						
Sir William Stephenson academy—						
Meritorious graduate awards	12,444	1,141		13,585	1,141	887
Scholastic awards	16,294	1,495	900	16,889	595	454
Correctional Service—						
Inmates' trust fund	4,558,464	17,354,794	17,130,919	4,782,339	223,875	—35,459
Royal Canadian Mounted Police—						
Benefit fund	2,118,630	213,350	162,179	2,169,801	51,171	105,567
	6,705,832	17,570,780	17,293,998	6,982,614	276,782	71,449
Supply and Services—						
Petro-Canada Enterprises Inc.—Shares	1,480,846		161,589	1,319,257	—161,589	—301,071
Transport—						
Canadian National (West Indies)						
Steamships Ltd	95,000			95,000		
Unclaimed moneys due to Canadian						
seamen	3,373		3,373		—3,373	
	98,373		3,373	95,000	—3,373	
Veterans Affairs—						
Administered trust accounts	22,568,248	5,000,309	7,978,541	19,590,016	—2,978,232	—9,310,188
Less: securities held in trust	22,568,248	5,000,309	7,978,541	19,590,016	—2,978,232	—9,295,188

TABLE 7.10

DEPOSIT AND TRUST ACCOUNTS—*Concluded*

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (—)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Army benevolent fund	850,660	486,989	577,702	759,947	-90,713	-113,976
Estates fund	1,136,149	1,592,656	1,727,964	1,000,841	-135,308	-176,502
Ste-Anne's Hospital	2,407,828	1,772,000	4,181,366	-1,538	-2,409,366	523,652
Soldier Settlement and Veterans' Land Act— Veterans' Land Act trust account general	561,802		561,802		-561,802	
Veterans administration and welfare trust fund	1,062,002	1,754,546	1,744,042	1,072,506	10,504	112,686
Less: securities held in trust	338,890	64,064	54,850	329,676	-9,214	-8,422
	723,112	1,818,610	1,798,892	742,830	19,718	121,108
Veterans care trust accounts	12,794,716	3,265,629	3,892,849	12,167,496	-627,220	-1,242,304
Less: securities held in trust	95			95		-2,500
	12,794,621	3,265,629	3,892,849	12,167,401	-627,220	-1,239,804
	41,042,420	13,936,193	20,719,116	34,259,497	-6,782,923	-10,180,710
Account without current transactions						-4,888
Total trust accounts	953,763,132	259,048,010	267,641,634	945,169,508	-8,593,624	6,773,522
Total deposit and trust accounts	1,790,808,101	5,581,793,792	6,105,220,958	1,267,380,935	-523,427,166	-49,610,748

(1) This account is now reported in Table 7.14.

(2) This deposit account was previously reported under Consumer and Corporate Affairs in this table.

(3) This trust account was previously reported under Communications in this table.

Canadian Dairy Commission account

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the Financial Administration Act, and uses the Consolidated Revenue Fund for banking purposes. This account was established by Section 15 of the Canadian Dairy Commission Act, to record the Government's liability to the Commission.

Guarantee deposits—Canada Agricultural Products Standards Act

This account was established to record bonds deposited as guarantees required by the Canada Agricultural Products Standards Act and the Licensing and Arbitration Regulations.

Immigration guarantee fund

This account was established by Sections 18, 23, 92 and 103 of the Immigration Act, to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown.

Guarantee deposits—Oil and gas

This account records securities in the form of cash, promissory notes, letters of credit and letters of guarantee which are required to be issued to, and held by the Government of Canada pursuant to a signed Exploration Agreement in accordance with Section 74 of the Canada Petroleum Resources Act. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Guarantee deposits—Environment

This account was established by Section 21 of the Financial Administration Act, to record amounts deposited to ensure compliance with terms and conditions of contracts.

Fairs and missions

This account was established by Section 21 of the Financial Administration Act, to record deposits which may be refunded, in part or in total, in accordance with contractual agreements concerning the participation of Canadian sector enterprises at international trade fairs.

Canadair Limited—Canada Development Investment Corporation

This account was established pursuant to Section 129(1) of the Financial Administration Act. This special purpose money is to be used to meet costs incurred on the sale of Canadair and demand for payment by Bombardier pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with the sale of the shares of Canadair.

The de Havilland Aircraft of Canada, Limited—Canada Development Investment Corporation

This account was established pursuant to Section 129(1) of the Financial Administration Act. This special purpose money is to be used to satisfy demands for payment by the Boeing Company pursuant to the acquisition agreement and costs incurred by

the Canada Development Investment Corporation in connection with the sale of the shares of The de Havilland Aircraft of Canada, Limited.

Crown corporations' surplus moneys

These accounts were established pursuant to Section 129(1) of the Financial Administration Act, to record moneys received from Crown corporations as directed by the Minister of Finance with the concurrence of the appropriate Minister. Interest can be paid in accordance with and at rates fixed by the Minister of Finance with the approval of the Governor in Council.

Field British Columbia and Yukon Operations of the Northern Canada Power Commission

This account was established by Section 21 of the Financial Administration Act, to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field British Columbia and Yukon Operations of the Northern Canada Power Commission.

Guarantee deposits—Indian Affairs and Northern Development

Pursuant to Section 8 of the Arctic Waters Pollution Prevention Act, Section 29 of the Northern Inland Waters Act and Sections 12 and 18 of the Territorial Lands Act, this account records cash and securities deposited as guarantees for oil, mineral and timber rights and licences. Interest is not allowed on cash deposits.

Guarantee deposits—Reserve resources

This account was established by Section 21 of the Financial Administration Act, to record cash and bond security deposits with respect to Indian reserve licences and contracts for the development of resources, pursuant to the provisions of Section 57 of the Indian Act.

Guarantee deposits—Rotating herds

This account was established by Section 21 of the Financial Administration Act, to record guarantee deposits given by Indians who sign herd agreements under the rotating herd program.

Indian contributions to the subsidy housing program

This account was established by Section 21 of the Financial Administration Act, to record amounts deposited by Indians, to ensure compliance with terms and conditions of the subsidy housing program.

Indian savings accounts

Pursuant to Section 52 of the Indian Act, savings accounts are maintained for individual Indians.

During the year, interest was credited to the accounts and charged to interest on public debt.

Security for costs

This account records security to the value of \$500 deposited by the Appellant with the Registrar of the Supreme Court of

Canada in accordance with Section 60(1)(b) of the Supreme Court Act. As per Section 66 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

Guarantee deposits—Customs and Excise

Pursuant to Section 166 of the Customs Act, cash and securities are collected to guarantee payment of customs duties and excise taxes on imported goods, and of sales and excise taxes payable by licensees.

Temporary deposits received from importers

This account was established by Section 21 of the Financial Administration Act, to record temporary security deposits received from importers to ensure compliance with various departmental (Customs and Excise) regulations regarding temporary entry of goods.

Candidates' election deposits

This account records candidates' election deposits, received in respect of general elections and by-elections, less amounts refunded to candidates, or transferred to non-tax revenue, pursuant to the provisions of the Canada Elections Act.

During the year, \$168,400 was transferred to non-tax revenue.

Harbourfront capital account

This account was established by Section 21 of the Financial Administration Act, to record funds received from and held for Harbourfront Corporation regarding moneys derived from the capitalized leasing, sale or resale of lands or development rights.

During the year, interest was credited to the account and charged to interest on public debt.

Canada Post Corporation account

The Canada Post Corporation is a Crown corporation listed in Part I of Schedule III of the Financial Administration Act, and uses the Consolidated Revenue Fund for banking purposes. This account was established to record the Government's liability to the Corporation.

Contractors' security deposits

This account was established by Section 20 of the Financial Administration Act, to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

During the year, interest was credited to the account and charged to interest on public debt.

The debit balance in the account for certified cheques results from adjustments which have been made in the new year rather than the current year.

Royal Canadian Mint account

The Royal Canadian Mint is a Crown corporation listed in Part II of Schedule III of the Financial Administration Act, and uses the Consolidated Revenue Fund for banking purposes. This account was established to record the Government's liability to the Mint.

The debit balance in the account was incurred when retroactive salary revisions were paid to employees as a result of collective bargaining.

Canagrex trust fund

This account was established by Section 21 of the Financial Administration Act, pursuant to legal requirements arising from the winding-up of the Corporation.

Special operating account—National Library

This account was established by Section 14 of the National Library Act, to record moneys received for the purpose of the National Library, by way of donation, bequest or otherwise. Amounts required for the purposes of the National Library Act may be paid out of this account, or out of money appropriated by Parliament for such purposes.

Trust account—National Museums of Canada

This account was established by Section 10 of National Museums Act, and is credited with moneys received by the Corporation, by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, bequest or otherwise, and an amount representing interest on the balance from time to time to the credit of the account. The account is to be charged with such amounts as are authorized by the Board of Trustees of the Corporation to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation. Securities in connection with this account amount to \$2,000 consisting of two Government of Canada marketable bonds bequeathed by the late J Dazell McKee and the late Hugh de T Glazebrook.

During the year, interest was credited to the account and charged to interest on public debt.

Income from securities in trust—Bankruptcy Act

This account was established by Sections 78, 84, 154 and 194 of the Bankruptcy Act, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are now forwarded to the Superintendent of Bankruptcy for safekeeping.

Securities in trust—Bankruptcy Act

This account was established by Section 67 of the Bankruptcy Act, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

Unclaimed dividends and undistributed assets—Bankruptcy Act

This account represents amounts credited to the Receiver General in accordance with the provisions of Section 154 of the Bankruptcy Act, pending distribution to creditors.

Unclaimed dividends and undistributed assets—Canada Business Corporations Act

This account was established in accordance with Sections 227 and 228 of the Canada Business Corporations Act, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

Unclaimed dividends and undistributed assets—Winding-up Act

This account records amounts credited to the Receiver General, in accordance with Sections 138 and 139 of the Winding-up Act, pending distribution.

Marconi celebration trust fund

This account was established by Section 21 of the Financial Administration Act, for the purpose of raising moneys through public subscriptions and others to construct, operate and maintain a National Historic Site in Glace Bay, Nova Scotia to commemorate the efforts and accomplishments of Guglielmo Marconi in the field of wireless communications.

Devonian Foundation deposit account

This account was established by Section 21 of the Financial Administration Act, for the purpose of accepting donations to design and construct a new trailhead facility within the Wood Bison area of Elk Island National Park.

During the year, this account was closed.

Mackenzie King trust account

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of \$225,000, to the Government of Canada. The amount of \$225,000 was credited to the account. Interest computed, in accordance with the terms of Section 3 of the Laurier House Act, is to be credited to the account at the end of each year, and charged to interest on public debt. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

During the year, interest of \$22,815 was credited hereto. In accordance with the Act, Public Works Canada is authorized to expend an annual sum not to exceed 70% of the interest earned in the previous year for the maintenance and upkeep of the buildings on the Laurier House property. Environment Canada is authorized to expend an annual sum not to exceed 30% of the interest earned for the maintenance of the Laurier House as a museum and study centre, and for the provision of sundry purchases therefrom, and the unspent balance of the interest earned be credited at the end of the year to non-tax revenue.

Trust fund—National Battlefields Commission

This account was established by Section 21 of the Financial Administration Act, at the creation of the National Battlefields Commission, for the purpose of acquiring various properties for the development of the park. The moneys are received by way of private contributions, contributions from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its Act of incorporation. Following the land acquisitions of the Commission, an amount of money remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule III of the Financial Administration Act, prior to September 1, 1984.

During the year, interest was credited to the account and charged to interest on public debt.

Canada Foundation account

This account was established by Vote 6g, Appropriation Act No 2, 1967, to record moneys received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

The account is maintained in Italian lira in the Banco di Roma, Italy, and all transactions recorded in foreign currencies during the year are converted at the rate of exchange prevailing at the close of the year (1988-89, 1 Lira/\$0.00859 Cdn; 1987-88, 1 Lira/\$0.001005 Cdn).

During the year, income derived from the operation of the account amounted to Lira 19,230,405—\$16,519 Cdn, and disbursements for cultural activities and administrative expenses were Lira 41,912,551—\$36,003 Cdn. Adjustment of the book value carried forward from the previous year resulted in valuation increases of \$45,900 to securities held in trust, and \$6,598 to cash on deposit. The closing balance consists of securities at cost and cash on deposit.

International agencies—Travel account

This account was established by Section 21 of the Financial Administration Act, to record funds made available by international agencies, to provide for payment of transportation of fellows and scholars who travel in Canada, under the sponsorship of such agencies.

Common school funds—Ontario and Quebec

This account was established under 12 Victoria 1849, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of \$133,888, apportioned on the basis of population, is paid semi-annually to these provinces, at the rate of 5% per annum, and is charged to interest on public debt.

Foreign claims fund

This account was established by Vote 22a, Appropriation Act No 9, 1966, to record: (a) such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and, (b) all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

During the year, interest was credited to the account and charged to interest on public debt.

Halifax 1917 explosion pension account

This account was established by Sections 4, 5 and 6 of the Halifax Relief Commission Pension Continuation Act, to provide for the continuation of pensions, grants and allowances following the dissolution of the Halifax Relief Commission.

During the year, interest was credited to the account and charged to interest on public debt.

War claims fund—World War II

This account was established by Vote 696, Appropriation Act No 4, 1952, to record moneys received from the Custodian of Enemy Property or from other sources, and payments: (a) to eligible claimants for compensation in respect of World War II; (b) of a supplementary award amounting to 50% of the original award (PC 1958-1467, October 23, 1958); and, (c) of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

Great Lakes Fishery Commission—Lamprey research and control

This account was created by Article III of the Great Lakes Fisheries Convention Act, to record funds received from the Great Lakes Fishery Commission, covering control and research work in respect to lampreys in the Great Lakes, carried out on behalf of the Commission, on a contract basis.

Indian agencies revenue trust bank accounts

This account was established by Section 20 of the Financial Administration Act, to record moneys held for Indians in authorized banks across Canada. These moneys include such items as deceased estates, deposits and payments on leases held for individual Indians, and those to be split between individual Indians and Indian bands.

Indian band funds

The Indian band funds were established by Sections 61 to 69 of the Indian Act and represent moneys belonging to Indian bands throughout Canada.

During the year, interest was credited to the account and charged to interest on public debt.

TABLE 7.11

INDIAN BAND FUNDS—CAPITAL ACCOUNTS

	1988-89	1987-88
	\$	\$
Opening balance	738,057,907	746,354,908
RECEIPTS AND OTHER CREDITS—		
Oil royalties	26,464,783	52,769,072
Gas royalties	40,975,231	46,181,083
British Columbia agreement	323,040	345,621
Land and other claim settlements	3,844,749	19,012
Sundries	7,876,247	4,954,547
	79,484,050	104,269,335
	817,541,957	850,624,243
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution	19,255,134	36,088,647
Transfer pursuant to Section 64 of the Indian Act	52,593,676	73,548,421
Sundries	1,901,915	2,929,268
	73,750,725	112,566,336
Closing balance	743,791,232	738,057,907

TABLE 7.12

INDIAN BAND FUNDS—REVENUE ACCOUNTS

	1988-89	1987-88
	\$	\$
Opening balance	109,900,957	81,793,134
RECEIPTS AND OTHER CREDITS—		
Government interest	83,166,307	80,765,255
Land and other claim settlements	2,366,000	828,154
Sundries	13,227,665	21,971,533
	98,759,972	103,564,942
	208,660,929	185,358,076
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution	1,336,394	5,554,367
Transfer pursuant to Section 69 of the Indian Act	104,093,599	58,587,717
Sundries	1,574,212	11,315,035
	107,004,205	75,457,119
Closing balance	101,656,724	109,900,957

Indian band funds—Shares and certificates

This account was established by Section 61 of the Indian Act, to record the historical value of Transalta Utilities Ltd shares of stock as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General of Canada for the credit of the Blood Indian Band. Any dividends received are credited to the revenue account of the Blood Indian Band.

Indian compensation funds

Pursuant to Sections 35 and 61 of the Indian Act, moneys received from the sale of Indian lands and easement compensation, where the title has not been cleared nor the land survey completed, are recorded in this account pending completion of documentation.

Indian estate accounts

These accounts were established by Sections 42, 43, 51 and 61 of the Indian Act, to record the estates of deceased Indians, minor Indian children who have guardians, or mentally incompetent Indians.

During the year, interest was credited to the accounts and charged to interest on public debt.

Indian moneys suspense account

This account was established by Section 21 of the Financial Administration Act, to record moneys held for individuals and bands, received from rentals and leases of Indian lands, such as agricultural leases, easements, oil and gas leases and permits, etc, pending proper documentation.

Indian special accounts

Pursuant to Section 52 of the Indian Act and Section 21 of the Financial Administration Act, these Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purposes and include the following:

- (a) *Absent or missing heirs*—Assets in an estate to which a missing heir might be entitled are held in this account for a period of seven years, after which time, if the heirs are not located, the assets are distributed to other persons according to entitlement.
- (b) *Abitibi fur preserve*—This account records moneys received from the sale of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallymen's wages, freight costs, etc.
- (c) *Abitibi fishery*—This account records charges for the operation of the Abitibi sturgeon fish catching project.
- (d) *Indian off-reserve housing*—This account records personal contributions held in trust until paid to the vendor, the builder or legal representative.

1924 Ontario lands agreement

This account was established by Section 21 of the Financial Administration Act, to record the Province of Ontario's share of the receipts from mineral activity on Indian reserves in accordance with the terms of the 1924 Ontario lands agreement. Payment of these funds to Indian bands is awaiting the passage of federal and provincial legislation to enact a new Indian Lands Agreement for Ontario.

Federal Court special account

Pursuant to Section 21 of the Financial Administration Act, the Court maintains trust accounts on behalf of litigants before the Court. Those accounts record the moneys paid into the Federal Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held in trust pending payment of such moneys, in accordance with a judgment of the Court.

During the year, interest was credited to the account and charged to interest on public debt.

Fair wages suspense account

This account is operated under the authority of Section 13 of the Fair Wages and Hours of Labour Regulations. Where an investigation in respect of a contract on Government works results in an award of wages, the amount received from the contractor is credited to this account, and is subsequently distributed to employees.

The account also records amounts received from departments and agencies, representing wages in respect of contracts, withheld from final payment to contractors.

Labour standards suspense account

This account is operated under the authority of the Canada Labour Code, Part III, Section 251, and the Canada Labour Standards, Regulation 23.

The account records:

- (a) funds received from employers as a result of assessments made by inspectors regarding underpayments of minimum wages, overtime, vacation pay, holiday pay, termination, severance or bereavement pay. The assessments are payable either directly to the employee, or to the Minister of Labour who is required to transmit the payment to the employee;
- (b) payments received from employers who are in arrears in paying their employees. Such amounts are repaid to employees; and,
- (c) wages received by the Minister of Labour from employers who cannot locate employees. Efforts are then made to locate employees.

Estates—Armed services

Pursuant to Section 42 of the National Defence Act, this account is credited with the service estates of deceased members of the Canadian Forces. Net assets of estates are distributed to legal heirs under the administration of the Judge Advocate General, in his capacity as Director of Estates.

Herbert Lott naval trust fund

This account was established by Section 21 of the Financial Administration Act, to record the Canadian naval portion of the Herbert Lott naval trust fund, which is administered by the British Admiralty. These funds are allocated to active or reserve force units which show marked efficiency in fighting practices, or contribute in signal degree to the improvement of the fighting appliances of naval or maritime forces.

During the year, this account was closed.

Canadian Sports Pool Corporation—Other outstanding liabilities

This account was established by Section 21 of the Financial Administration Act, to record moneys received at the dissolution of the Canadian Sports Pool Corporation which are used to pay any liabilities of the Corporation.

Donation—Construction of Olympic Complex

This account was established by Section 21 of the Financial Administration Act, to record transactions relating to a donation for the construction of an Olympic Complex at Canada Olympic Park in Calgary.

Inuvik General Hospital

This account was established by Section 21 of the Financial Administration Act, to record transactions relating to a donation by the Lions Club for the purchase of items for Ward 300 at the Inuvik General Hospital.

Post-occupancy evaluation methodology

This account was established by Section 21 of the Financial Administration Act, to record transactions relating to the provinces' share of costs incurred under a cost-sharing agreement with provinces (except Quebec) and territories for a project entitled "Development of a post-occupancy evaluation methodology for hospitals".

Review of liability and compensation issues in health care

This account was established by Section 21 of the Financial Administration Act, to record transactions relating to funds provided by the provinces and territories under a cost-shared arrangement for a review of liability and compensation issues in health care.

Sioux Lookout Zone Hospital

This account was established by Section 21 of the Financial Administration Act, to record transactions relating to a donation made by the Hospital for Sick Children Foundation, to be used to finance a paediatric play program and volunteer service at Sioux Lookout Zone Hospital.

Ted Harrison poster fund

This account was established by Section 21 of the Financial Administration Act, to accumulate money received from the sale of posters donated to the Whitehorse General Hospital in Whitehorse, Yukon Territory by local artist Ted Harrison. The proceeds from the sales will be used to purchase special equipment for the hospital.

Donations for research

This account was established by Section 21 of the Financial Administration Act, as a result of the Government's "Matching Grants" policy and records contributions received from organizations and individuals for biomedical research.

During the year, interest was credited to the account and charged to interest on public debt.

Dyskinesia and torticollis research

This account was established by Section 15 of the Medical Research Council Act, to record a bequest of \$75,000 made by an anonymous donor, to establish a fund for research in the fields of dyskinesia and torticollis. The interest received is used for the payment of research grants. Other donations are also credited to this fund.

During the year, interest was credited to the account and charged to interest on public debt.

Farquharson scholarships

This fund was established by Section 15 of the Medical Research Council Act, to record an award received from the St Boniface General Hospital Research Foundation. The fund will provide research scholarships to undergraduate medical students and graduate high school students.

During the year, interest was credited to the account and charged to interest on public debt.

Donation trust fund

This account was established by Section 27 of the Government Organization (Scientific Activities) Act, 1976, to record moneys, securities or other property received by way of gift, bequest or otherwise as approved by the Natural Sciences and Engineering Research Council. The account is charged with payments and with the disposal of such moneys, securities or other property, subject to the terms upon which such moneys are given, bequeathed or otherwise made available to the Council, and subject to the approval of the Council.

Trust fund—Natural Sciences and Engineering Research Council

This account was established by Section 27 of the Government Organization (Scientific Activities) Act, 1976, to record funds received from other governments and organizations, to cover expenditures made on their behalf, and to record this agency's liability to other organizations.

During the year, interest was credited to the account and charged to interest on public debt.

Claudia de Hueck trust fund

This account was established by Section 15 of the Science Council of Canada Act, to record a bequest made by Mrs Claudia de Hueck to be used to promote the study of humanities and for general educational purposes.

During the year, interest was credited to the account and charged to interest on public debt.

Sir William Stephenson academy—Meritorious graduate awards

This account was established by Section 21 of the Financial Administration Act, to record a donation of \$11,000 to be used for the presentation of meritorious awards to employees attending the Academy.

During the year, interest was credited to the account and charged to interest on public debt.

Sir William Stephenson academy—Scholastic awards

This account was established by Section 21 of the Financial Administration Act, to record a donation of \$15,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

During the year, interest was credited to the account and charged to interest on public debt.

Inmates' trust fund

Pursuant to Section 32 of the Penitentiary Regulations, this account is credited with moneys received from inmates at the time of incarceration, net earnings of inmates from employment inside institutions, moneys received for inmates while in custody, moneys received from sales of hobbycraft, money earned through work while on day parole, and interest. Payments to assist in the reformation and rehabilitation of inmates are charged to this account.

During the year, interest was credited to the account and charged to interest on public debt.

Benefit fund

Pursuant to Section 23 of the Royal Canadian Mounted Police Act, this account records moneys received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances.

During the year, interest was credited to the account and charged to interest on public debt.

Petro-Canada Enterprises Inc—Shares

This account was established by Section 21 of the Financial Administration Act, to record the liability to shareholders who have not presented their shares for payment. The closing balance represents 10,981 shares of Petro-Canada Enterprises Inc at \$120.14 per share.

Canadian National (West Indies) Steamships Ltd

This account was established pursuant to Section 129(1) of the Financial Administration Act, to record a deposit by the Canadian National (West Indies) Steamships Ltd, covering a transfer of funds to be held pending the wind-up of the Corporation.

During 1985-86, the Corporation was authorized to be dissolved pursuant to the Crown Corporations Dissolution Authorization Act.

Unclaimed moneys due to Canadian seamen

Pursuant to Sections 222 and 223 of the Canadian Shipping Act, unpaid wages of deceased members of ships' crews, as well as any amount of cash on their person at time of death, are credited to this account pending direction as to payees.

Administered trust accounts

Pursuant to Section 41 of the Pension Act and Section 15 of the War Veterans Allowance Act, these accounts are under the jurisdiction of the Canadian Pension Commission and the Department. Moneys held in these accounts include: (a) pensions placed under the administration of the Canadian Pension Commission; (b) war veterans and civilian war allowances and assistance fund payments placed under the administration of the Department of Veterans Affairs; and, (c) benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated the inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

Army benevolent fund

Pursuant to Section 3 of the Army Benevolent Fund Act, this account was credited with certain canteen profits and other funds from World War II. Interest at the rate of 12.62% per annum is credited semi-annually for the period June 29, 1985 to June 28, 1990, on the minimum monthly balances.

Payments are made out of the fund to or for the benefit of veterans or their dependants or the widows, children or other dependants of deceased veterans.

During the year, interest was credited to the account and charged to interest on public debt.

Estates fund

Pursuant to Sections 5, 6 and 7 of the Veterans' Estates Regulations, this account is credited with the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care. Individual accounts are maintained and payments are made to beneficiaries.

Ste-Anne's Hospital

Pursuant to Section 9 of the Guardianship of Veterans' Property Regulations, this account records moneys deposited for safekeeping by patients in the veterans' hospital in Ste-Anne-de-Bellevue, Quebec.

The debit balance in the account is the result of a coding error which will be adjusted in the new year.

Veterans' Land Act trust account general

Pursuant to Sections 11, 13, 20 and 73 of the Veterans' Land Act, receipts and other credits to this account consist mainly of initial and excess payments by veterans and civilian purchasers, as provided under the Act, which are held pending approval of sales. Other items included are veterans' sales proceeds held pending redbursement on their present or second establishment, insurance fire loss proceeds to pay for restoration of fire damage, and moneys sent in by veterans and civilian purchasers, to be held for payment of taxes and insurance, and other related items.

During the year, this account was closed.

Veterans administration and welfare trust fund

Pursuant to Section 9 of the Guardianship of Veterans' Property Regulations, moneys held in this account include: (a) donations, legacies, gifts, bequests, etc, received, to be disbursed for the benefit of veterans or their dependants under certain conditions, and for the benefit of patients in institutions; and, (b) donations, legacies, gifts, bequests, etc, received by the Canadian Pension Commission, to be disbursed for the use of pensioners or dependants in distressed circumstances.

Veterans care trust accounts

Pursuant to Section 5 of the Department of Veterans Affairs Act, if the Minister of Veterans Affairs so directs, a client receiving adult residential care service or nursing home intermediate care service assigns or pays any or all of his income and resources, to be administered in the manner prescribed. Moneys held in these individual accounts may include: (a) war service gratuities held for mental, tubercular and other long-term treatment cases; (b) pensions paid by the Canadian Pension Commission; (c) war veterans and civilian war allowances; and, (d) income from other sources such as Old Age Security, Guaranteed Income Supplement and retirement pensions. The moneys are used to pay the charges for board and lodgings, and to provide clothing, comforts and other necessities.

Provincial Tax Collection Agreements Account

This account records income taxes collected by the Government of Canada on behalf of provinces and territories participating in the joint-collection provision of the Federal-Provincial Fiscal Arrangements Act, and related payments made to them.

Under the Federal-Provincial Fiscal Arrangements Act, the Government of Canada is empowered to enter into agreements with provincial and territorial governments, to collect income taxes on their behalf, and to make payments to them with respect to such taxes.

The Government of Canada entered into agreements with provinces and territories (Quebec excepted), to collect individual income tax, and, with provinces and territories (Ontario and Quebec excepted), to collect corporation income tax, and, to pay in equal monthly instalments to such provinces and territories, the estimated revenue to be produced by the respective provincial and territorial taxes.

At the beginning of each year, the Minister of Finance estimates the amount of the payments, for the taxation year ending in that year, to provinces and territories that have entered into agreements. These estimates are adjusted to actual amounts at a later date. Adjustments are to be made not later than March 31 of the year following that in which the taxation year ends.

Table 7.13 presents a summary of the balances and transactions in the provincial tax collection agreements account.

TABLE 7.13

PROVINCIAL TAX COLLECTION AGREEMENTS ACCOUNT

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (-)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Corporation income taxes collected by National Revenue—						
Taxation	14,117,826,726	1,399,869,382	40,000	15,517,656,108	1,399,829,382	1,156,754,132
Less: payments to provinces and territories—						
Newfoundland	645,537,929		57,168,267	702,706,196	57,168,267	72,628,926
Prince Edward Island	103,993,981		23,530,909	127,524,890	23,530,909	17,748,801
Nova Scotia	973,597,644		152,620,993	1,126,218,637	152,620,993	116,601,065
New Brunswick	795,924,611		119,591,289	915,515,900	119,591,289	76,475,665
Manitoba	1,837,207,268		207,541,724	2,044,748,992	207,541,724	171,441,034
Saskatchewan	1,567,891,570		134,541,620	1,702,433,190	134,541,620	123,725,999
Alberta	2,535,508,444	12,495,164		2,523,013,280	-12,495,164	2,486,657
British Columbia	5,418,181,201		600,269,686	6,018,450,887	600,269,686	473,407,007
Yukon Territory	17,278,996		5,981,337	23,260,333	5,981,337	3,269,299
Northwest Territories	105,020,871	7,238,547		97,782,324	-7,238,547	16,603,202
Total payments	14,000,142,515	19,733,711	1,301,245,825	15,281,654,629	1,281,512,114	1,074,387,655
Collections of corporation income tax on hand	117,684,211	1,419,603,093	1,301,285,825	236,001,479	118,317,268	82,366,477
Personal income taxes collected by National Revenue—						
Taxation	142,410,296,537	19,446,774,664	4,894,405	161,852,176,796	19,441,880,259	19,205,435,013
Less: payments to provinces and territories—						
Newfoundland	2,924,504,973		356,090,143	3,280,595,116	356,090,143	336,275,784
Prince Edward Island	570,572,752		86,004,838	656,577,590	86,004,838	77,909,278
Nova Scotia	5,516,494,701		740,553,764	6,257,048,465	740,553,764	693,379,623
New Brunswick	4,102,271,729		540,661,038	4,642,932,767	540,661,038	513,071,951
Ontario	73,062,556,970		11,686,834,568	84,749,391,538	11,686,834,568	9,859,134,894
Manitoba	6,730,026,928		913,985,473	7,644,012,401	913,985,473	903,570,691
Saskatchewan	6,950,570,082		850,328,621	7,800,898,703	850,328,621	782,291,176
Alberta	16,765,363,441		2,055,082,748	18,820,446,189	2,055,082,748	2,219,720,117
British Columbia	22,976,833,828		2,995,338,703	25,972,172,531	2,995,338,703	2,789,965,422
Yukon Territory	138,745,312		21,181,040	159,926,352	21,181,040	22,685,874
Northwest Territories	293,115,234		45,311,024	338,426,258	45,311,024	39,553,298
Total payments	140,031,055,950		20,291,371,960	160,322,427,910	20,291,371,960	18,237,558,108
Collections of personal income tax on hand	2,379,240,587	19,446,774,664	20,296,266,365	1,529,748,886	-849,491,701	967,876,905
Total	2,496,924,798	20,866,377,757	21,597,552,190	1,765,750,365	-731,174,433	1,050,243,382

Other Specified Purpose Accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts.

Table 7.14 presents a summary of the balances and transactions for all other specified purpose accounts.

TABLE 7.14

OTHER SPECIFIED PURPOSE ACCOUNTS

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (—)	
	\$	\$	\$	\$	1989	1988
Insurance and death benefit accounts—						
Energy, Mines and Resources—						
Atomic Energy Control						
Board—						
Nuclear liability reinsurance						
account	531,142	1,425		532,567	1,425	1,400
Finance—						
Investors' indemnity account	23,834			23,834		—893
Office of the Superintendent of Financial						
Institutions—						
Civil service insurance						
fund	11,997,031	466,275	665,009	11,798,297	—198,734	—302,287
	12,020,865	466,275	665,009	11,822,131	—198,734	—303,180
Fisheries and Oceans—						
Fishing Vessel Insurance Plan	17,942,487	12,487,882	7,787,406	22,642,963	4,700,476	7,010,752
Indian Affairs and Northern Development—						
Land assurance fund	1,081,324	189,008	41	1,270,291	188,967	94,090
National Defence—						
Regular forces death benefit account,						
Table 7.15	85,236,692	21,028,940	10,445,991	95,819,641	10,582,949	10,274,486
National Health and Welfare—						
Health insurance supplementary						
account	28,387			28,387		
Transport—						
Maritime pollution claims						
fund	136,160,965	13,501,669	43,784	149,618,850	13,457,885	11,598,538
Treasury Board—						
Public Service death benefit account,						
Table 7.16	447,950,192	112,586,551	33,013,866	527,522,877	79,572,685	70,147,631
Veterans Affairs—						
Returned soldiers' insurance fund	856,932	17,738	125,447	749,223	—107,709	—159,776
Veterans insurance fund	22,138,235	715,245	1,643,312	21,210,168	—928,067	—730,196
	22,995,167	732,983	1,768,759	21,959,391	—1,035,776	—889,972
Total insurance and death benefit						
accounts	723,947,221	160,994,733	53,724,856	831,217,098	107,269,877	97,933,745
Pension accounts—						
Employment and Immigration—						
Annuities agents' pension						
account	29,601	7,908	13,481	24,028	—5,573	—5,369
Parliament—						
Members of Parliament retiring allowances						
account, Table 7.17	28,779,384	7,023,746	6,548,909	29,254,221	474,837	2,212,559
Solicitor General—						
Royal Canadian Mounted Police—						
Dependants' pension fund	16,780,621	1,855,444	730,728	17,905,337	1,124,716	1,027,663

TABLE 7.14

OTHER SPECIFIED PURPOSE ACCOUNTS—*Continued*

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (–)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Treasury Board—						
Locally-engaged contributory pension account	2,062,521	462,342	834,537	1,690,326	–372,195	–2,222,861
Less: unamortized portion of actuarial deficiency	2,062,521	462,342	834,537	1,690,326	–372,195	–2,380,381
	5,303			5,303		157,520
Retirement fund	2,067,824	462,342	834,537	1,695,629	–372,195	157,520
Total pension accounts	47,657,430	9,349,440	8,127,655	48,879,215	1,221,785	3,392,373
Other accounts—						
Agriculture—						
Canada/Provinces						
livestock drought		3,291,000		3,291,000	3,291,000	
agreements						
Canada/Saskatchewan agricultural						
community water						
infrastructure	–289,614	1,508,028	1,165,582	52,832	342,446	–374,534
Cost-shared agreements—Research		199,802		199,802	199,802	
Fees paid in advance—Importation of						
foreign cattle	308,318	314,877	127,640	495,555	187,237	30,578
Importation of Dutch bulbs	1,959	2,000	3,525	434	–1,525	–813
Canadian Forestry Service Program—						
Miscellaneous projects deposits	173,503	401,628	416,968	158,163	–15,340	139,856
National forestry awareness						
campaign	735,485	77,125	794,973	17,637	–717,848	735,485
	929,651	5,794,460	2,508,688	4,215,423	3,285,772	530,572
Communications—						
Canadian Film Development						
Corporation—						
Advance account ⁽¹⁾	5,235,673	301,341		5,537,014	301,341	5,235,673
Canadian Radio-television and Telecommu- nications Commission—						
Federal/Provincial study on long distance		23,347	23,347			
calls		8,190	8,190			
Shared-cost projects	159,042		8,000	151,042	–8,000	159,042
National Archives of Canada account	5,394,715	332,878	39,537	5,688,056	293,341	5,394,715
Consumer and Corporate Affairs—						
Deposit account	160,080	991,420	977,608	173,892	13,812	11,889
Employment and Immigration—						
Canadian jobs strategy						
program	526,223	775,000	1,184,843	116,380	–409,843	–164,347
Summer employment—Experience						
development program	4,949	2,514,333	2,411,948	107,334	102,385	–69,492
Territorial subsidiary agreement on						
human resource development	–2	2			2	–2
Work orientation workshops						
program	22,575	430,000	427,075	25,500	2,925	14,176
	553,745	3,719,335	4,023,866	249,214	–304,531	–219,665
Energy, Mines and Resources—						
Market development incentive payments—						
Alberta	29,384,587	60,473	942,311	28,502,749	–881,838	–434,573
Miscellaneous projects deposits	9,073	123,607	5,562	127,118	118,045	9,073
NYSERDA—Diesel technology Research						
and Development	3,388	229,353	176,105	56,636	53,248	3,388
	29,397,048	413,433	1,123,978	28,686,503	–710,545	–422,112
Environment—						
Forks sculpture contest						
account		103,896	8,973	94,923	94,923	
Les Amis du Plein air de Cheticamp						
account		350	350			
Miscellaneous projects deposits	2,032,592	4,577,260	4,094,776	2,515,076	482,484	978,197
	2,032,592	4,681,506	4,104,099	2,609,999	577,407	978,197

TABLE 7.14

OTHER SPECIFIED PURPOSE ACCOUNTS—*Continued*

	Net increase or decrease (—)					
	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989		
					1989	1988
	\$	\$	\$	\$	\$	\$
External Affairs—						
Cost recoverable technical assistance program	327,170	325,574	602,630	50,114	–277,056	137,624
Economic summit account		1,250,000	1,239,777	10,223	10,223	
Hungarian medical school projects		10,000		10,000	10,000	
Canadian International Development Agency—						
Guarantee deposits	143,771	254	70,000	74,025	–69,746	109,171
	470,941	1,585,828	1,912,407	144,362	–326,579	246,795
Fisheries and Oceans—						
Miscellaneous projects deposits	269,468	1,163,505	858,869	574,104	304,636	179,555
Indian Affairs and Northern Development—						
Fines—Indian Act	599,887	119,851	208,387	511,351	–88,536	100,092
Labour—						
Canadian Centre for Occupational Health and Safety—						
Donations		960		960	960	
National Defence—						
Foreign governments—						
United Kingdom—						
British Army—Suffield, Alberta	3,497,474	44,872,665	27,173,404	21,196,735	17,699,261	–6,493,364
Other activities	2,495,869	46,862,187	43,661,482	5,696,574	3,200,705	–2,088,141
United States of America	2,004,817	9,670,243	6,674,525	5,000,535	2,995,718	–2,955,509
Federal Republic of Germany—						
German Army—Shilo, Manitoba	7,695,963	20,641,257	20,875,241	7,461,979	–233,984	7,855,577
Other activities	7,170,723	14,739,767	30,124,788	–8,214,298	–15,385,021	6,951,209
Netherlands	916,990	7,256,121	5,633,456	2,539,655	1,622,665	–8,433,010
North Atlantic Treaty Organization (NATO)—						
Infrastructure projects	4,147,255	6,852,771	1,909,902	9,090,124	4,942,869	–4,308,209
Non-government agencies	1,190,036	1,082,292	757,802	1,514,526	324,490	–434,817
	29,119,127	151,977,303	136,810,600	44,285,830	15,166,703	–9,906,264
National Health and Welfare—						
Computerized space programming method- ology	2,061	50,772		52,833	50,772	2,061
Fire safety evaluation system for						
hospitals		29,907	12,978	16,929	16,929	
National physician data base		50,700		50,700	50,700	
"Nobody's perfect"—Shared-cost project		166,372		166,372	166,372	
Safety evaluation of						
chemicals	6,308			6,308		
World Health Organization	150,200	5,594	639	155,155	4,955	28,434
	158,569	303,345	13,617	448,297	289,728	30,495
Public Works—						
Shared-cost projects	81,442		35,843	45,599	–35,843	–8,665
Regional Industrial Expansion—						
Statistics Canada—						
Advance payments	1,530,604	24,813,426	23,467,130	2,876,900	1,346,296	212,090
Science and Technology—						
National Research Council—						
Trust fund	350,871	966,212	481,036	836,047	485,176	82,173
Special fund	4,300,000	19,817,086	17,717,086	6,400,000	2,100,000	–720,000
Science Council of Canada—						
Canada/Japan joint study		100,000	83,856	16,144	16,144	
	4,650,871	20,883,298	18,281,978	7,252,191	2,601,320	–637,827
Secretary of State—						
Promotion of official languages		34,464	34,464			–10,130
Social Sciences and Humanities Research Council—						
Queen's Fellowship Fund	270,546	23,382	29,697	264,231	–6,315	–19,115
Trust fund	5,708	13,018	12,500	6,226	518	–11,963
	276,254	70,864	76,661	270,457	–5,797	–41,208

TABLE 7.14

OTHER SPECIFIED PURPOSE ACCOUNTS—*Concluded*

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (–)	
	\$	\$	\$	\$	1989	1988
Supply and Services—						
Interest on bonds—Insurance companies	–2,815,831	47,409,199	47,058,100	–2,464,732	351,099	–2,815,831
Military purchases excess funds deposit	361,292,015	4,174,514,480	4,155,961,935	379,844,560	18,552,545	–46,644,806
Less: securities held in trust	361,292,015	4,155,961,935	4,174,514,480	379,844,560	18,552,545	–46,644,806
	–2,815,831	8,330,476,415	8,330,476,415			
		8,377,885,614	8,377,534,515	–2,464,732	351,099	–2,815,831
Transport—						
Cartierville Airport account	4,023,662	252,979	1,518,366	2,758,275	–1,265,387	–504,990
Provincial sales tax—						
Communications—						
National Archives of Canada	1,656	10,277	9,153	2,780	1,124	700
National Library	97	3,931	2,934	1,094	997	60
	1,753	14,208	12,087	3,874	2,121	760
Energy, Mines and Resources	6,869	134,697	134,306	7,260	391	6,756
Solicitor General—						
Correctional Service	12,871	89,515	102,162	224	–12,647	4,306
Royal Canadian Mounted Police	–58	33,080	33,014	8	66	47
	12,813	122,595	135,176	232	–12,581	4,353
	21,435	271,500	281,569	11,366	–10,069	11,869
Federal sales tax—						
Solicitor General—Correctional Service ..	–1,226	752,676	751,243	207	1,433	–38,237
Accounts without current transactions						–109,574
Total other accounts	76,853,034	8,596,014,181	8,574,528,961	98,338,254	21,485,220	–7,008,104
Total other specified accounts	848,457,685	8,766,358,354	8,636,381,472	978,434,567	129,976,882	94,318,014

⁽¹⁾ This account was previously reported in Table 7.10.

Nuclear liability reinsurance account

This account was established pursuant to Sections 16 and 17 of the Nuclear Liability Act, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

Investors' indemnity account

Section 57 of the Financial Administration Act provides for this account, and for the crediting thereto of the sum of \$25,000, such further amounts as are appropriated by Parliament for the purposes of this Section, and any recovery of losses referred to in Section 58 of the Act.

Section 58 states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for Government securities, who have paid all or part of the purchase price but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

Civil service insurance fund

This fund was established by the Civil Service Insurance Act, to provide life insurance coverage for civil servants who bought policies before 1955-56. The purchase of policies was discontinued in 1954-55, pursuant to Section 62(2) of the Public Service Superannuation Act.

During the year, receipts and other credits consisted of premiums of \$17,643 and, an amount of \$448,632 (charged to

budgetary expenditure) representing an adjustment to bring the balance in the fund into agreement with the actuarial valuation as at March 31, 1988. Payments and other charges consisted of death benefits, \$565,567; cash surrender value, \$66,048; annuities, \$33,227; and premium refunds, \$167.

Fishing Vessel Insurance Plan

The Fishing Vessel Insurance Plan is administered in accordance with Vote 540, Appropriation Act No 5, 1955, extended by Vote L38b, Appropriation Act No 1, 1970, to insure fishermen against abnormal capital losses. The account is credited with premiums and recoveries, and with advances in accordance with the regulations, such advances not to exceed at any time \$150,000. The account is charged with refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen, where the collision involves a vessel insured under the Fishing Vessel Insurance Plan. Administration costs are paid from Fisheries and Oceans Vote 1.

Land assurance fund

This account was established by Sections 160 to 164 of the Land Titles Act, to indemnify title holders who suffer loss through misdescriptions in titles, and from other causes specified in the Land Titles Act. Fees are collected from the parties who register deeds with the Registrar of Land Titles in the Northwest Territories and the Yukon Territory. Interest is added to the fund annually, the present rate being 3% per annum.

Regular forces death benefit account

This account was established by the Canadian Forces Superannuation Act, to provide life insurance to contributing members of the Armed Forces. Receipts and other credits consist of: (a) contributions by participants; (b) Government's contribution (1/6 of benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act); (c) single premiums payable by the Government in respect of regular forces participants who become entitled to a basic benefit of \$500 without contribution; and, (d) interest.

Payments and other charges consist of: (a) benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act, upon their retirement from the regular forces; (b) benefits paid in respect of elective regular forces participants, to whom pensions were not payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act, upon their retirement from the regular forces; and, (c) the portion of benefit payable for which a single premium has been paid by the Government.

TABLE 7.15

REGULAR FORCES DEATH BENEFIT ACCOUNT

	1988-89	1987-88
	\$	\$
Opening balance	85,236,692	74,962,206
RECEIPTS AND OTHER CREDITS—		
Contributions by participants	9,570,064	8,218,586
Government's contribution	1,550,708	1,370,318
Single premiums payable by the Government in respect of regular forces participants who became entitled to a basic benefit of \$500 without contribution	515,530	539,090
Interest	9,392,638	8,372,387
	21,028,940	18,500,381
	106,265,632	93,462,587
PAYMENTS AND OTHER CHARGES—		
Benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act	10,445,991	8,225,895
Closing balance	95,819,641	85,236,692

Health insurance supplementary account

This account was established by Vote L16b, Appropriation Act No 2, 1973, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain

coverage for the insured health services under the Canada Health Act, and in accordance with Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population, and are matched by the federal Government.

Maritime pollution claims fund

This account was established by Sections 666 and 681 of the Canada Shipping Act, to record levy tonnage payments for oil carried by ships in Canadian waters. The payment of the levy was revoked effective September 1, 1976.

Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the fund.

During the year, interest was credited to the account and charged to interest on public debt.

Public Service death benefit account

This account was established under the Public Service Superannuation Act, to provide life insurance to contributing members of the Public Service.

The account is credited with: (a) contributions by employees; (b) contributions by the Government and Public Service corporations; and, (c) interest. Payments and other charges represent: (a) benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the Public Service Superannuation Act; and, (b) benefits of \$500 paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the Public Service Superannuation Act, and on whose behalf a single premium for \$500 death benefit coverage for life has been made.

TABLE 7.16

PUBLIC SERVICE DEATH BENEFIT ACCOUNT

	1988-89	1987-88
	\$	\$
Opening balance	447,950,192	377,802,561
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employees—		
Government and Public service corporations	52,428,348	51,102,622
Government—		
One-sixth of benefit payments—		
General	5,172,588	5,361,259
Single premium for \$500	1,857,094	1,953,761
Public Service corporations	2,301,651	2,169,124
Interest	50,826,870	43,071,930
	112,586,551	103,658,696
	560,536,743	481,461,257
PAYMENTS AND OTHER CHARGES—		
Benefit payments—		
General	31,289,277	31,974,069
Life coverage of \$500	1,635,514	1,531,174
Other death benefit payments	89,075	5,822
	33,013,866	33,511,065
Closing balance	527,522,877	447,950,192

Returned soldiers' insurance fund

This fund was established by the Returned Soldiers' Insurance Act, to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1988 of \$17,701 was credited to the account during the year and was charged to budgetary expenditure. The final date on which application for this insurance could have been received, was August 31, 1933.

Veterans insurance fund

This fund was established by the Veterans' Insurance Act, to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1988 of \$554,895 was credited to the account during the year and was charged to budgetary expenditure. The final date on which application for this insurance could have been received, was October 31, 1968.

Annuities agents' pension account

This account was established by Vote 181, Appropriation Act No 1, 1961, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.

During the year, interest was credited to the account and charged to interest on public debt.

Members of Parliament retiring allowances account

This account was established by the Members of Parliament Retiring Allowances Act, to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a member of the Senate or House of Commons. Benefits are also available to widows and dependent children of members who served on or after April 9, 1963 and contributed under the Act.

Receipts and other credits consist of: (a) contributions reserved from current indemnities, based on the full amount paid; (b) contributions reserved from additional salaries, based on the percentage of contribution elected, up to 10% of the full amount of salary; (c) contributions for previous sessions, where members elect to pay arrears, and interest on arrears; (d) interest and mortality insurance on any unpaid balance, based on Canada Life Tables; (e) contributions by the Government, of an amount equal to contributions paid or which have become payable in the year; (f) interest credited quarterly; and, (g) the repayment of pensions after elections to transfer Members of Parliament retiring allowances to the Public Service Superannuation Account.

Payments and other charges consist of: (a) payments of annual allowances; (b) withdrawal allowances and related interest; (c) refunds of contributions which are in excess of the maximum required; and, (d) transfers of funds to the Public Service Superannuation Account.

TABLE 7.17

MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACCOUNT

	1988-89	1987-88
	\$	\$
Opening balance	28,779,384	26,566,825
RECEIPTS AND OTHER CREDITS—		
Members' contributions—		
Current	1,897,766	1,883,721
Arrears of principal, interest and mortality insurance	277,537	155,663
Government contributions—		
Current	1,897,766	1,883,721
Interest	2,950,677	2,729,295
	7,023,746	6,652,400
	35,803,130	33,219,225
PAYMENTS AND OTHER CHARGES—		
Annual allowances	6,548,909	4,439,841
Closing balance	29,254,221	28,779,384

Dependants' pension fund

This fund which pertains to Part IV of the Royal Canadian Mounted Police Pension Continuation Act, provides pension benefits to certain widows and other dependants of contributing members of the Royal Canadian Mounted Police. The fund is credited with a 5% contribution from the pay of members of the Force, other than commissioned officers. There are no longer any active contributing members.

During the year, interest was credited to the account and charged to interest on public debt.

Locally-engaged contributory pension account

This account, which pertains to Part II of the Locally-Engaged Pension Regulations, provides pension benefits to locally-employed Government employees who contributed to the plan. The account is credited with contributions from locally-engaged employees, and charged with the subsequent payment of benefits.

Retirement fund

This fund provides pension benefits to certain eligible Government employees who are not covered by the Public Service Superannuation Account and who contributed to the fund.

Contributions are made to the fund in the form of monthly deductions from the salaries of certain prevailing rate or seasonal and certain other employees. Other credits are interest at the rate of 4% per annum on the balance to the credit of each contributor, the off-setting charge being to interest on public debt. Payments and other charges represent payment of the amounts to the employees' credit upon resignation or death, or, if they become contributors to the Public Service Superannuation Account, transfers to that account.

Canada/Provinces livestock drought agreements

This account was established by Section 21 of the Financial Administration Act, to record advance payments by the provinces of their share of the costs incurred under the livestock drought agreements. The account is reduced as payments are made to eligible livestock producers.

Canada/Saskatchewan agricultural community water infrastructure

This account was established pursuant to the 1984 Canada-Saskatchewan Subsidiary Agreement on Agricultural Community Water Infrastructure, to record deposits from the Province of Saskatchewan whenever a city or town is able to finance part of the water supply or water disposal facilities and separate construction is not possible. Money is paid out of the account as eligible billing costs are received.

Cost-shared agreements—Research

This account was established by Section 21 of the Financial Administration Act, to record amounts deposited by external agencies for cost-shared research projects. Moneys are disbursed on behalf of the depositors as the specific projects are undertaken.

Fees paid in advance—Importation of foreign cattle

This account was established by Section 21 of the Financial Administration Act, to record deposits made in connection with the importation of foreign cattle, pregnancy tests on cattle, and applications for the registration of feeds, fertilizers and pesticides, which are credited to this account pending assessment of actual costs on completion of the particular services required.

On final accountability and at such time as the services are completed, the deposits are either credited to non-tax revenue, or are returned to the depositor.

Importation of Dutch bulbs

This account was established by Section 21 of the Financial Administration Act, to record deposits made in connection with the importation of Dutch bulbs. The inspections are made in Holland before the bulbs are containerized. When the inspections are completed, the actual fees are credited to non-tax revenue, with any excess returned to depositors.

Miscellaneous projects deposits—Canadian Forestry Service Program

This account was established by Section 21 of the Financial Administration Act, to record contributions received from organizations and individuals for the furtherance of forestry research work.

National forestry awareness campaign

This account was established by Section 21 of the Financial Administration Act, to record moneys to be used to make the Canadian public more aware of the economic importance of the forest sector and the impact that the forestry industry has on the overall well-being of Canadians. This activity is funded by pooling a portion of the funds of all federal-provincial forestry agreements. Deposits to this account constitute the province's share of the awareness campaign.

Advance account—Canadian Film Development Corporation

This account was established by Section 21 of the Financial Administration Act, to reserve for use in future years moneys generated by projects funded by Telefilm Canada, and which, due to timing, remained unreinvested at year end.

Federal/Provincial study on long distance calls

This account was established by Section 21 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of the study, and held pending disbursements.

The study on long distance calls is jointly funded by the federal and provincial governments.

Shared-cost projects—Canadian Radio-television and Telecommunications Commission

This account was established by Section 21 of the Financial Administration Act, to record advance payments from private industry in support of the study on sex-roles in Canadian television programming.

National Archives of Canada account

This account was established by Section 10 of the National Archives of Canada Act, to record moneys received for the purpose of the National Archives, by way of donation, bequest or otherwise. Amounts received for the purposes of the Act may be paid out of this account, or out of money appropriated by Parliament for such purposes.

Deposit account—Consumer and Corporate Affairs

This account was established by Sections 20 and 21 of the Financial Administration Act, to record moneys held in trust to defray the cost of services provided on a regular basis. No interest is credited to the account.

Canadian jobs strategy program

The Canadian jobs strategy program is jointly funded by the federal and provincial governments.

This account was established by Section 21 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

Summer employment—Experience development program

The summer employment—Experience development program is jointly funded by the federal and provincial governments.

This account was established by Section 21 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

Territorial subsidiary agreement on human resource development

The territorial subsidiary agreement on human resource development program is jointly funded by the federal Government and the Government of the Northwest Territories.

This account was established by Section 21 of the Financial Administration Act, to record advance payments made by the territorial government against its share of the cost of projects, and held in trust pending disbursements to project sponsors.

During the year, this account was closed.

Work orientation workshops program

The work orientation workshops program is jointly funded by the federal and provincial governments.

This account was established by Section 21 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

Market development incentive payments—Alberta

This account records moneys received from the Government of Alberta, to encourage the expansion of natural gas markets in provinces east of Alberta, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to Section 39 of the Energy Administration Act. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986, however, payments are being made from the account for the Natural Gas Vehicle Conversion and Natural Gas Fueling Station Programs.

Miscellaneous projects deposits—Energy, Mines and Resources

Accounts were established by Sections 20 and 21 of the Financial Administration Act, to record prepayments received from outside organizations and individuals for scientific services to be performed on a cost recovery basis. As work progresses, earned income is credited to non-tax revenue.

NYSERDA—Diesel technology Research and Development

This account was established by Section 21 of the Financial Administration Act, to administer an advance payment from the New York State Energy Research and Development Authority (NYSERDA) with respect to demonstrating methanol diesel technology in the operation of transit buses. The advance was a condition of an agreement between the Department of Energy, Mines and Resources and NYSERDA.

Forks sculpture contest account

This account was established by Section 21 of the Financial Administration Act, for the purpose of accepting donations from large companies to sponsor a sculpture competition for the opening of the Fork National Historic Park in late 1988.

Les Amis du Plein air de Cheticamp account

This account was established by Section 21 of the Financial Administration Act, for the purpose of accepting donations from the Cooperating Association to share in the cost of designing, constructing and furnishing an addition to the Cheticamp Visitor Centre at Cape Breton Highlands National Park.

Miscellaneous projects deposits—Environment

This account was established by Section 21 of the Financial Administration Act, to record contributions received from organizations and individuals, for the furtherance of research work.

Cost recoverable technical assistance program

This account was established by Section 21 of the Financial Administration Act, to record prepayments and disbursements in respect of the costs pertaining to the provision of technical assistance to other countries by Canadian firms and institutions pursuant to agreements between the Government of Canada and other national governments.

During the year, interest was credited to the account and charged to interest on public debt.

Economic summit account

This account was established by Section 21 of the Financial Administration Act, to record moneys received from the private sector and other public funded organizations. These donated funds were used to help defray the costs of special events at the Economic Summit held in Toronto, Ontario from June 19 to 28, 1988.

Hungarian medical school projects

This account was established by Section 21 of the Financial Administration Act, to record moneys received from the private sector. These donated funds were used to help defray the costs of the Hungarian medical school projects.

Guarantee deposits—Canadian International Development Agency

This account was established by Section 29 of the Financial Administration Act, to record cheques for insurance claims related to damages to "in transit" goods being shipped to the country specified in the loan agreement, pending the decision of the country on the use of these moneys, to reduce the loan balance or to purchase replacement goods.

Miscellaneous projects deposits—Fisheries and Oceans

This account was established by Section 21 of the Financial Administration Act, to record contributions received from organizations and individuals, for the furtherance of research work.

Fines—Indian Act

Fines collected under Sections 85.1 and 104 of the Indian Act, in connection with liquor prosecutions, and band bylaws, are credited to this account. Expenditures cover certain costs incurred in the suppression of the liquor traffic among the Indians of Canada.

Donations

This account was established by Section 6(3) of the Canadian Centre for Occupational Health and Safety Act, to record moneys, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

Foreign governments

These accounts were established by Section 21 of the Financial Administration Act, to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

The debit balance in the account is the result of a processing delay and will be cleared in the new year.

North Atlantic Treaty Organization (NATO)

These accounts were established by Section 21 of the Financial Administration Act, to record funds received from NATO to cover (a) NATO infrastructure projects implemented by Canada, and, (b) other expenditures to be made on NATO's behalf, in accordance with the terms of an agreement with the Government of Canada.

Non-government agencies

This account was established by Section 21 of the Financial Administration Act, to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

Computerized space programming methodology

This account was established by Section 21 of the Financial Administration Act, to record transactions relating to the provinces' share of costs incurred under a cost-sharing agreement with provinces (except Quebec) and territories to computerize the Hospital Space Programming Methodology series. Contributions are made by provinces to the account in proportion to population.

Fire safety evaluation system for hospitals

This account was established by Section 21 of the Financial Administration Act, to record transactions relating to funds provided by the provinces and territories under a cost-shared agreement for an evaluation of fire safety systems for hospitals.

National physician data base

This account was established by Section 21 of the Financial Administration Act, to record transactions relating to funds provided by the provinces and territories under a cost-shared agreement for the development of a national physician data base.

"Nobody's perfect"—Shared-cost project

This account was established by Section 21 of the Financial Administration Act, to record transactions relating to the provinces' share of costs incurred under a federal-provincial cost-sharing agreement for a cooperative project on parenting.

Safety evaluation of chemicals

This account was established by Section 21 of the Financial Administration Act, to record funds received and payments made to organizations and individuals providing services on behalf of the Scientific Group on Methodologies for the Safety Evaluation of Chemicals in accordance with the specific purposes identified by the Group.

World Health Organization

This account was established by Section 21 of the Financial Administration Act, to record funds received from the World Health Organization, for scientific projects.

Shared-cost projects—Public Works

This account was established by Section 21 of the Financial Administration Act, to record the receipt, in advance, of moneys from departments and agencies and others, for their share of certain shared-cost projects.

Advance payments—Statistics Canada

This account was established by Section 21 of the Financial Administration Act, to record advance payments received from departments and agencies and others to finance the cost of special statistical services.

Trust fund—National Research Council

This account was established by the National Research Council Act, to record funds received from departments and agencies and public organizations, to cover expenditures made on their behalf.

Special fund—National Research Council

This account was established by the National Research Council Act, to record revenue received by the National Research Council of Canada in the amount of \$19,817,086, derived from laboratory fees, \$9,365,058; capital, \$411,000; information services, \$2,602,231; sales of publications, \$4,234,329; and, miscellaneous receipts, \$3,204,468. An amount of \$17,717,086 was charged hereto, of which an amount of \$17,306,086 was credited to National Research Council Vote 10, and \$411,000 to National Research Council Vote 15, to offset expenditures.

Canada/Japan joint study

This account was established by Section 21 of the Financial Administration Act and Section 15 of the Science Council of Canada Act, to record moneys received from Japan to be used for the joint study on cooperation in the field of science and technology between Canada and Japan.

Promotion of official languages

This account was established by Section 21 of the Financial Administration Act, to provide members of the private sector with language instruction using federal Government facilities and Public Service Commission instructors.

Advance payments from the private sector are credited to the account, and charges by the Public Service Commission for its services are charged thereto.

Queen's Fellowship fund—Social Sciences and Humanities Research Council

This fund is an endowment of \$250,000 that was established by Vote 45a, Appropriation Act No 5, 1973-74. The income is used for the payment of scholarships to graduate students in certain fields of Canadian studies.

During the year, interest was credited to the account and charged to interest on public debt.

Trust fund—Social Sciences and Humanities Research Council

This account was established by Section 21 of the Financial Administration Act, to record receipts and disbursements of funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations and disbursements for the purpose of special projects.

During the year, interest was credited to the account and charged to interest on public debt.

Interest on bonds—Insurance companies

This account is credited with the proceeds from interest coupons on bonds deposited by insurance companies under the Canadian and British Insurance Companies Act. Debits represent the payment of the same interest to the insurance companies.

The debit balance in the account is the result of timing differences between the deposit of proceeds and payments to insurance companies.

Military purchases excess funds deposit

This account was established by a written agreement between Canada and the United States, to record temporarily unutilized funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

Cartierville Airport account

In accordance with Section 21 of the Financial Administration Act, and following the sale of the Cartierville Airport by the Government to Canadair Limited, this special account was established to hold in deposit \$5,000,000 and to record in the same account the interest earned as approved by the Minister of Finance.

Periodically, this account will be debited with payments to Canadair Limited to reimburse them for repairs and improvement expenses incurred at the Cartierville Airport.

Provincial sales tax—National Archives of Canada

This account was established pursuant to Part VII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. This Act contains provisions for the collection and remittance of provincial sales tax in connection with the sale of microfilm and reproductions.

Provincial sales tax—National Library

This account was established pursuant to Part VII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. This Act contains provisions for the collection and remittance of provincial sales tax in connection with the sale of microfilm and reproductions.

Provincial sales tax—Energy, Mines and Resources

This account was established pursuant to Part VII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. This Act contains provisions for the collection and remittance of provincial sales tax in connection with the sale of maps, charts and photographs.

Provincial sales tax—Correctional Service

This account was established pursuant to Part VII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. This Act contains provisions for the collection and remittance of provincial sales tax on sales made by the Correctional Service of Canada.

Provincial sales tax—Royal Canadian Mounted Police

This account was established pursuant to Part VII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. This Act contains provisions for the collection and remittance of provincial sales tax on sales made by the Royal Canadian Mounted Police.

Federal sales tax—Correctional Service

Pursuant to Section 43 of the Penitentiary Regulations, this account is credited with federal sales tax on sales made by the Correctional Service of Canada, and is charged with remittances to National Revenue, Customs and Excise.

Sales tax liability is recognized at the time of sale and is remitted the following month.

SUPPLEMENTARY STATEMENTS

Canada Pension Plan Account and the
Canada Pension Plan Investment Fund

AUDITOR'S REPORT

TO THE MINISTER OF NATIONAL HEALTH AND WELFARE

I have examined the statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund for the year ended March 31, 1989. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these statements present fairly the balance and changes of the Account and the Fund for the year ended March 31, 1989 in accordance with the accounting policies set out in Note 2 to the statements applied on a basis consistent with that of the preceding year.

Raymond Dubois, F.C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 25, 1989

STATEMENT OF THE CANADA PENSION PLAN
ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1989
(in thousands of dollars)

	1989	1988
Amounts credited		
Contributions—Employees, employers and self-employed	6,248,267	5,583,236
Interest (Note 3)	3,912,264	3,669,228
	10,160,531	9,252,464
Amounts charged		
Benefits		
Retirement pensions	5,569,542	4,808,207
Disability pensions	1,319,436	1,109,968
Survivors' pensions	1,201,243	1,076,225
Death benefits	138,528	131,606
Orphans' benefits	124,305	123,771
Disabled contributors' child benefits	91,989	79,444
	8,445,043	7,329,221
Expenses (Note 4)		
Administration	55,060	50,187
Collection of contributions	48,174	58,110
Cheque issue and computer services	23,849	18,907
Accommodation	4,552	5,997
Assignment of social insurance numbers and maintenance of central index	1,602	1,325
Actuarial services	445	347
	133,682	134,873
	8,578,725	7,464,094
Increase in balance	1,581,806	1,788,370
Balance at beginning of year	36,021,076	34,232,706
Balance at end of year	37,602,882	36,021,076
Represented by:		
Canada Pension Plan Investment Fund	35,063,117	33,737,049
Operating balance on deposit with the Receiver General for Canada	2,539,765	2,284,027
	37,602,882	36,021,076

Approved on behalf of the Department of National Health and Welfare:

F.D. KEALEY
for the Assistant Deputy Minister
Income Security Programs

MARGARET CATLEY-CARLSON
Deputy Minister

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

STATEMENT OF THE CANADA PENSION PLAN INVESTMENT FUND FOR THE YEAR ENDED MARCH 31, 1989 (in thousands of dollars)

	Balance at beginning of year	Amounts charged— Purchases	Amounts credited— Redemptions	Balance at end of year
Investment in securities (Note 5)				
Provinces and territory				
Newfoundland	700,543	41,635	14,237	727,941
Prince Edward Island	147,887	9,703	2,857	154,733
Nova Scotia	1,316,250	78,450	29,179	1,365,521
New Brunswick	966,174	59,314	21,767	1,003,721
Quebec	125,487	5,289	2,378	128,398
Ontario	15,900,897	589,319	411,993	16,078,223
Manitoba	1,848,188	105,971	42,250	1,911,909
Saskatchewan	1,519,093	93,932	35,908	1,577,117
Alberta	3,986,783	287,572	65,019	4,209,336
British Columbia	4,730,174	273,934	107,216	4,896,892
Yukon Territory	3,726			3,726
	31,245,202	1,545,119	732,804	32,057,517
Canada	2,491,847	519,360	5,607	3,005,600
	33,737,049	2,064,479	738,411	35,063,117

Approved on behalf of the Department of National Health and Welfare:

F.D. KEALEY
for the Assistant Deputy Minister
Income Security Programs

MARGARET CATLEY-CARLSON
Deputy Minister

NOTES TO STATEMENTS FOR THE YEAR ENDED MARCH 31, 1989

1. Plan description and authority

The Canada Pension Plan (the Plan) is a compulsory and contributory social insurance plan which enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. The Plan applies in all parts of Canada, except for the Province of Quebec which has a parallel plan.

Under existing arrangements, all benefits and all costs incurred in the administration of the Plan are financed by the contributions made by employees, employers and self-employed persons and the interest earned from the investment of funds.

The Canada Pension Plan Account (the Account) was established in the accounts of Canada by Section 108.(1) of the Canada Pension Plan, a 1965 Act of Parliament, to record the contributions, interest, benefits and expenses of the Plan.

The Canada Pension Plan Investment Fund (the Fund) was established in the accounts of Canada by Section 109.(1) of the Plan to record the investment in securities of the provinces, territories and Canada.

2. Accounting policies

Canada Pension Plan Account

The amounts credited and charged to the Account are in accordance with Sections 108.(2) and 108.(3) of the Plan, respectively. Contributions, interest and benefits are recorded on a cash basis. Contributions are received from Revenue Canada—Taxation based on estimates of collections for the current year and adjustments to the estimates of prior years. Expenses are recorded on an accrual basis. The balance in the Account represents the accumulated excess of contributions and interest over benefits and expenses to date.

Canada Pension Plan Investment Fund

The amounts charged and credited to the Fund are in accordance with Section 109.(2) of the Plan. All securities held are carried at cost, are non-negotiable and have a term of 20 years or such lesser period as may be determined by the Minister of Finance on the recommendation of the Chief Actuary of the Office of the Superintendent of Financial Institutions.

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Concluded

NOTES TO STATEMENTS FOR THE YEAR ENDED MARCH 31, 1989—Concluded

3. Interest

	1989	1988
	(in thousands of dollars)	
Interest on investment in securities held by the Fund. The weighted average rate of interest on securities purchased during the year was 10.08% [1988: 9.61%]		
Provinces and territory		
Newfoundland	76,769	73,194
Prince Edward Island	16,301	15,455
Nova Scotia	142,948	136,450
New Brunswick	105,125	100,177
Quebec	12,675	12,260
Ontario	1,718,713	1,695,475
Manitoba	199,897	193,368
Saskatchewan	165,306	158,641
Alberta	440,428	414,944
British Columbia	519,183	496,018
Yukon Territory	360	179
Canada	3,397,705	3,296,161
	264,133	189,039
	3,661,838	3,485,200
Interest on operating balance on deposit with the Receiver General for Canada, at a weighted average rate of 9.70% [1988: 8.16%]	250,426	184,028
	3,912,264	3,669,228

4. Expenses

Expenses of the Account represent the costs of administration charged by six federal government departments: Health and Welfare (administration); Revenue Canada—Taxation (collection of contributions); Supply and Services (cheque issue and computer services); Public Works (accommodation); Employment and Immigration (assignment of social insurance numbers and maintenance of central index); and, the Office of the Superintendent of Financial Institutions (actuarial services).

5. Investment in securities

Operating balances on deposit with the Receiver General in excess of estimated cash requirements for the following three-month period are available for purchases of securities of the provinces, territories and Canada. The monies available for security purchases are allocated to the provinces and territories based on the proportion of contributions credited to the Account during the preceding 10 years in respect of employment in a given province or a territory to the total contributions in those years. The portion attributed to certain other employees outside Canada continues to be invested in securities of Canada.

The securities of Quebec relate to the contributions of certain federal employees, such as members of the Canadian Armed Forces, who are residents in the Province of Quebec.

6. Financing of the Plan

The Canada Pension Plan was amended by Bill C-116 with effect from January 1, 1987. A long-term financing philosophy was established setting out provisions for the timing, rate of increase of the contribution rates and amendments thereto which will be made by regulation.

The revised legislation now contains a 25 year schedule of contribution rates providing for an increase from the 1986 rate of 3.6% progressively by 0.2 percentage points each year until 1991 and by 0.15 percentage points thereafter until 2011 when it will reach 7.6%. However, it stipulates that every five years the Minister of Finance and ministers of the Crown from the included provinces shall review the contribution rates set out in the schedule and make recommendations as to whether those rates should be changed and as to whether the schedule should be amended to include contribution rates for an additional five years. If, for any reason, the schedule is not amended for the additional five years the Minister of Finance shall, by regulation, amend the schedule to include the contribution rates set out in the most recent report prepared by the Chief Actuary. By the year 2011, it is expected that the Plan's Account will be equivalent to approximately two years' expenditure of the Plan and will be maintained near that level in accordance with the provisions of Section 113.1(4)(c) of the revised legislation.

Under existing legislation, any proposed enactment to alter the general level of benefits or the rate of contributions requires agreement by at least two-thirds of the 10 provinces having an aggregate of not less than two-thirds of the population.

Report No 10 was the Chief Actuary's last report tabled in Parliament in October 1986. Among other things, it contained the results of his examination of the financial impact of the legislative changes in Bill C-116.

Government Annuities Account

AUDITOR'S REPORT

TO THE MINISTER OF EMPLOYMENT AND IMMIGRATION

I have examined the balance sheet of the Government Annuities Account as at March 31, 1989 and the statements of operations and actuarial reserves and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Account as at March 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Account that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with section 15 of the Government Annuities Act, section 15 of the Government Annuities Improvement Act, and the Regulations.

Raymond Dubois, F.C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 17, 1989

BALANCE SHEET AS AT MARCH 31, 1989 (in thousands of dollars)

ASSETS	1989	1988	LIABILITIES	1989	1988
Deposit with Receiver General for Canada . .	882,943	919,574	Actuarial surplus due to Canada	3,052	2,737
Accrued interest due from Canada	65,224	67,808	Actuarial reserves (Note 3)	945,224	984,816
Accounts receivable	109	171			
	948,276	987,553		948,276	987,553

Approved by the Canada Employment and Immigration Commission:

A. KROEGER
Chairman

PAUL GAUVIN
Executive Director
Finance and Administration

Government Annuities Account—Continued

STATEMENT OF OPERATIONS AND ACTUARIAL RESERVES FOR THE YEAR ENDED MARCH 31, 1989 (in thousands of dollars)

	1989	1988
Payments and other charges		
Annuity payments	100,077	100,577
Premium refunds	2,000	2,263
Unclaimed annuities	223	359
	102,300	103,199
Income		
Interest from Canada	65,224	67,808
Premiums	458	552
Other	78	60
	65,760	68,420
Excess of payments and other charges over income for the year	36,540	34,779
Actuarial reserves, balance at beginning of the year	984,816	1,022,332
	948,276	987,553
Actuarial surplus—Excess of recorded actuarial reserves over calculated actuarial reserves at end of the year	3,052	2,737
Actuarial reserves, balance at end of the year (Note 3)	945,224	984,816
Accumulated premiums and accrued interest for unmatured annuities	249,616	280,212
Present value of matured annuities	695,608	704,604
Total actuarial reserves (Note 3)	945,224	984,816

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1989 (in thousands of dollars)

	1989	1988
Funds were used for:		
Operations		
Excess of payments and other charges over income for the year	36,540	34,779
Decrease in accrued interest and accounts receivable	-2,646	-2,458
	33,894	32,321
Actuarial surplus remitted to Consolidated Revenue Fund	2,737	2,159
Total funds used	36,631	34,480
Deposit with Receiver General for Canada, balance at beginning of the year	919,574	954,054
Deposit with Receiver General for Canada, balance at end of the year	882,943	919,574

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1989

1. Authority and purpose

The Government Annuities Account was established in 1908 by the Government Annuities Act, (the "Act"), as modified by the Government Annuities Improvement Act, (the "Improvement Act").

The purpose of the Act was to assist individuals and groups of Canadians to provide for their later years by purchasing Government annuities. The Improvement Act increased the rate of return on Government annuity contracts to a rate of seven percent, increased their flexibility and discontinued future sales.

The Account is administered by the Canada Employment and Immigration Commission and operates through the Consolidated Revenue Fund.

2. Significant accounting policies

(a) Basis of accounting

The accounts of the Government Annuities Account are maintained on an accrual basis.

(b) Actuarial reserves

Actuarial reserves comprise: (i) in respect of unmatured annuities, accumulated premiums and accrued interest, and (ii) in respect of matured annuities, the present value of such annuities actuarially determined on the basis of such rate or rates of interest and mortality tables as is prescribed.

(c) Actuarial surplus due to Canada

If at the end of any fiscal year the recorded amount of actuarial reserves exceeds or is less than the calculated amount of actuarial reserves, the difference results in an actuarial surplus or deficit which is remitted to or recovered from the Consolidated Revenue Fund.

(d) Interest from Canada

Interest from Canada is calculated on actuarial reserves as prescribed by the Improvement Act.

(e) Unclaimed annuities

Unclaimed annuities represent amounts transferred to the Consolidated Revenue Fund in respect of annuities that could not be paid because the annuitants could not be located.

(f) Services provided without charge

Administrative services are provided to the Account by the Canada Employment and Immigration Commission and by other Government departments without charge.

Government Annuities Account—*Concluded*

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1989—*Concluded*

3. Actuarial reserves

The method utilized to calculate the actuarial reserves of \$945,224,000 (1988—\$984,816,000) is in accordance with subsection 15(1) of the Government Annuities Improvement Act and the Regulations pertaining thereto.

The Government Annuities Regulations provide that the Mortality Tables to be used in determining the values of annuities shall be the Annuity Tables for 1949 modified by Projection Scale C.

The Commission undertakes an annual review of mortality experience to monitor the appropriateness of the mortality tables for valuation purposes. The results of the last study indicate that the mortality tables in use continue to be appropriate for such purposes.

Royal Canadian Mounted Police (Dependants) Pension Fund

AUDITOR'S REPORT

TO THE SOLICITOR GENERAL OF CANADA

I have examined the statement of revenues, expenditures and fund balance of the Royal Canadian Mounted Police (Dependants) Pension Fund for the year ended March 31, 1989. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the revenues and expenditures of the Fund and its balance for the year ended March 31, 1989 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Raymond Dubois, F.C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 15, 1989

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE FOR THE YEAR ENDED MARCH 31, 1989

	1989	1988
	\$	\$
Revenues		
Interest	1,832,113	1,724,063
Contributions	23,331	25,111
	1,855,444	1,749,174
Expenditures		
Pensions	713,258	673,825
Contributions withdrawn	17,470	
	730,728	673,825
Excess of revenues over expenditures	1,124,716	1,075,349
Fund balance at the beginning of the year . . .	16,780,620	15,705,271
Fund balance at the end of the year	17,905,336	16,780,620

Certified correct:

NICOLE THÉRIEN
for the Manager
District Services Officer

Approved:

NORMAN D. INKSTER
Commissioner

NOTES TO THE FINANCIAL STATEMENT MARCH 31, 1989

1. Authority and operations

The Royal Canadian Mounted Police (Dependants) Pension Fund was established in 1934 by the Royal Canadian Mounted Police Pension Continuation Act. The Act provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, to purchase certain survivorship benefits for their dependants by payment of specified contributions. The Fund is credited with these contributions together with interest computed quarterly on the balance to the credit of the Fund at the end of the preceding quarter, and charged with contributions withdrawn and pensions. All transactions of the Fund are made through the Consolidated Revenue Fund.

Section 56 of the Act directs the Minister of Finance to have an actuarial valuation of the Fund made at least once every 5 years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase pensions. If there is an actuarial deficiency, the Governor in Council may direct that there be credited to the Fund, out of any unappropriated moneys in the Consolidated Revenue Fund, such amount as may be required to re-establish solvency of the Fund.

2. Significant accounting policy

Revenues and expenditures are recorded on the accrual basis.

3. Supplementary information

The most recent actuarial valuation was made as at March 31, 1988. The valuation disclosed an actuarial surplus of \$2,422,873. A portion of the surplus will be distributed by an increase in the basic pension amount of 20% as at April 1, 1989 and a further increase of 20% as at April 1, 1990.

SECTION 8

1988-89

PUBLIC ACCOUNTS

Other Liabilities

CONTENTS

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Interest and matured debt	8.2
Accounts payable	8.3
Outstanding cheques and warrants	8.3
Allowance for employee vacation and termination benefits	8.3
Allowance for borrowings of agent Crown corporations expected to be repaid by the Government	8.3
Miscellaneous	8.3

OTHER LIABILITIES

This section contains information on accounts reported on the Statement of Assets and Liabilities under "Other Liabilities". The establishment and operation of these accounts is authorized by Parliament in annual appropriation acts and other legislation.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

Table 8.1 presents the year-end balances for other liabilities.

TABLE 8.1

OTHER LIABILITIES

	April 1/1988	March 31/1989	Net increase or decrease (-)	
			1989	1988
	\$	\$	\$	\$
Interest and matured debt, Table 8.2	11,604,799,806	10,389,002,164	-1,215,797,642	1,025,654,252
Less: unamortized discount on—				
Canada bills	7,247,057	13,801,910	6,554,853	371,442
Treasury bills	1,997,800,457	3,251,989,258	1,254,188,801	490,251,226
	9,599,752,292	7,123,210,996	-2,476,541,296	535,031,584
Accounts payable	6,777,005,862	9,673,953,100	2,896,947,238	909,427,706
Outstanding cheques and warrants, Table 8.3	2,723,187,690	2,368,723,310	-354,464,380	-147,154,399
Allowance for employee vacation and termination benefits	2,500,000,000	2,250,000,000	-250,000,000	150,000,000
Allowance for borrowings of agent Crown corporations expected to be repaid by the Government—				
Borrowings of agent Crown corporations	14,832,756,000	15,021,546,000	188,790,000	-934,055,000
Less: borrowings expected to be repaid by these Crown corporations	14,382,756,000	14,571,546,000	188,790,000	-1,284,055,000
	450,000,000	450,000,000		350,000,000
Miscellaneous, Table 8.4	167,007,818	214,228,277	47,220,459	-4,314,920
Total	22,216,953,662	22,080,115,683	-136,837,979	1,792,989,971

Interest and Matured Debt

Interest and matured debt includes interest due, interest accrued and matured debt.

Table 8.2 presents a summary of the balances and transactions in this account.

TABLE 8.2

INTEREST AND MATURED DEBT

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (-)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Interest due	5,651,351,867	59,706,956,680	61,111,816,685	4,246,491,862	-1,404,860,005	386,061,757
Interest accrued	5,724,031,060	26,376,648,658	26,301,059,812	5,799,619,906	75,588,846	711,815,327
Matured debt	229,416,879	466,411,069,124	466,297,595,607	342,890,396	113,473,517	-72,222,832
Total	11,604,799,806	552,494,674,462	553,710,472,104	10,389,002,164	-1,215,797,642	1,025,654,252

Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government of Canada, that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to non-tax revenue if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier; the minimum time before such a transfer is made is 5 years from the date of maturity.

Unamortized Discount on Canada Bills

This account records the portion of the discount on outstanding Canada bills which has not yet been charged to expenditure. The discount is amortized as an expenditure over the term of issue.

Unamortized Discount on Treasury Bills

This account records the portion of the discount on outstanding Treasury bills which has not yet been charged to expenditure. The discount is amortized as an expenditure over the term of issue.

Accounts Payable

This account represents amounts owing at the year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, relating to appropriations on which Parliament has imposed annual ceilings, and items to be paid from certain statutory authorities.

Outstanding Cheques and Warrants

This account records cheques and warrants issued but not yet presented for payment.

Table 8.3 presents a summary of the balances in this account.

TABLE 8.3

OUTSTANDING CHEQUES AND WARRANTS

	April 1/1988	March 31/1989	Net increase or decrease (–)	
	\$	\$	1989	1988
			\$	\$
Outstanding cheques	2,476,484,962	2,089,945,148	–386,539,814	–168,506,410
Imprest account cheques	718,724	798,187	79,463	34,355
Unemployment insurance warrants	245,984,004	277,979,975	31,995,971	21,317,656
Total	2,723,187,690	2,368,723,310	–354,464,380	–147,154,399

Outstanding cheques

Cheques issued in Canadian dollars, and unpaid at March 31, are recorded in this account. Cheques outstanding for 10 years are transferred to non-tax revenue. During the year, an amount of \$9,480,129 was transferred to revenue.

Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

Imprest account cheques

Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to non-tax revenue), are recorded in this account. During the year, an amount of \$19,143 was transferred to revenue.

Unemployment insurance warrants

This account records outstanding Unemployment insurance benefit warrants.

Allowance for Employee Vacation and Termination Benefits

This account represents allowances for amounts owing for earned and unpaid annual vacation leave (\$450 million) and for employee benefits payable upon termination of employment (\$1,800 million).

Allowance for Borrowings of Agent Crown Corporations Expected to be Repaid by the Government

In accordance with Section 54 of the Financial Administration Act, the payment of all money borrowed by agent Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government.

This account reports the borrowings of agent Crown corporations expected to be repaid by the Government (see Table 6.10 in Section 6 of this volume).

Other Liabilities—Miscellaneous

Table 8.4 presents a summary of the balances and transactions for other miscellaneous liabilities.

TABLE 8.4

OTHER LIABILITIES—MISCELLANEOUS

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (—)	
	\$	\$	\$	\$	1989	1988
Eldorado Mining and Refining Limited—						
Unpresented capital stock	23,695			23,695		
Miscellaneous departmental payroll deductions ..	-9,344,345	25,239,573		15,895,228	25,239,573	-8,617,204
Contractors' and other holdbacks—						
Agriculture	1,440,730	250,362	474,414	1,216,678	-224,052	-679,255
Canadian Forestry Service Program	404,780	749,803	362,231	792,352	387,572	
Atlantic Canada Opportunities						
Agency		9,028		9,028	9,028	
Communications	951,753	101,557	547,424	505,886	-445,867	-242,611
Canadian Radio-television and Telecom-						
munications Commission	927	6,767	3,448	4,246	3,319	927
National Archives of Canada		13,074		13,074	13,074	
National Library	2,246		2,237	9	-2,237	-8,963
Consumer and Corporate Affairs	119,003	128,596	112,773	134,826	15,823	-1,699
Employment and Immigration	118,418	97,885	155,358	60,945	-57,473	-2,442,233
Energy, Mines and Resources	10,458,567	6,658,289	6,438,052	10,678,804	220,237	-2,898,753
Atomic Energy Control						
Board	123,002	255,579	188,977	189,604	66,602	6,678
Environment	3,534,316	185,945	823,945	2,896,382	-637,934	849,313
External Affairs	4,167,689	33,326	831,958	3,369,057	-798,632	-282,405
Canadian International Development						
Agency	14,680,095	21,411,959	19,675,451	16,416,603	1,736,508	3,063,448
Fisheries and Oceans	1,589,970	430,106	312,895	1,707,181	117,211	-83,446
Indian Affairs and Northern Development	512,590	741,740	528,236	726,094	213,504	25,869
Justice	85,825	66,481	95,262	57,044	-28,781	63,391
National Defence	78,147,265	260,194,152	246,179,767	92,161,650	14,014,385	18,825,640
National Health and Welfare	352,304	416,934	144,667	624,571	272,267	106,728
National Revenue—						
Customs and Excise	108,854	172,308	84,091	197,071	88,217	-411,316
Public Works	20,372,562	26,273,373	27,668,892	18,977,043	-1,395,519	-2,761,164
Regional Industrial Expansion	297,724	54,228	55,656	296,296	-1,428	-37,869
Science and Technology—						
National Research Council	2,953,543	5,804,298	5,455,837	3,302,004	348,461	203,486
Solicitor General—						
Administration program	330,024	111,438	289,291	152,171	-177,853	-178,942
Correctional Service	359,320	596,673	679,890	276,103	-83,217	-257,316
Royal Canadian Mounted Police	2,234,774	420,556	1,386,743	1,268,587	-966,187	-261,865
Supply and Services	1,870,713	1,760,102	1,282,312	2,348,503	477,790	-273,820
Transport	19,030,624	23,082,284	20,240,073	21,872,835	2,842,211	-1,790,421
National Transportation Agency	420	12,342	8,369	4,393	3,973	-14,254
Suspense accounts	164,248,038	350,039,185	334,028,183	180,259,040	16,011,002	10,519,148
	12,080,430	5,969,884		18,050,314	5,969,884	-6,216,864
Total	167,007,818	381,248,642	334,028,183	214,228,277	47,220,459	-4,314,920

Eldorado Mining and Refining Limited—Unpresented capital stock

The liability of the Government of Canada for the value of the paid-up capital stock of the former company, which has not been redeemed at the close of the year, is recorded herein.

Miscellaneous departmental payroll deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

During the year, the account was increased by net transactions amounting to \$25,239,573.

Contractors' and other holdbacks

This account records the amounts withheld to ensure that contracts are carried out as stipulated. Holdbacks are charged to appropriations of departments or agencies concerned, and are credited to this account under Section 42 of the Financial Administration Act. They are paid out in accordance with contracts under regulations of the Treasury Board.

Suspense accounts

Accounts in which transactions are recorded temporarily, pending their ultimate disposition.

During the year, the accounts were increased by net transactions amounting to \$5,969,884.

SECTION 9

1988-89

PUBLIC ACCOUNTS

Foreign Exchange Accounts

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International reserves held in the Exchange Fund Account . . .	9.2
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FOREIGN EXCHANGE ACCOUNTS

Foreign exchange accounts represent financial claims and obligations of the Government of Canada which are identified with Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Net gains resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are credited to revenue as premium and discount on exchange, and net losses are charged to budgetary expenditure of the Department of Finance.

Table 9.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to \$8,320 million as at March 31, 1989 (\$11,282 million as at March 31, 1988); details relating to these obligations are presented in Section 10 of this volume.

TABLE 9.1
FOREIGN EXCHANGE ACCOUNTS

	April 1/1988	Receipts and other credits	Payments and other charges	March 31/1989	Net increase or decrease (–)	
					1989	1988
	\$	\$	\$	\$	\$	\$
International reserves held in the Exchange						
Fund Account	14,778,465,131	70,289,396,258	72,932,756,748	17,421,825,621	2,643,360,490	6,566,114,004
International Monetary Fund—Subscriptions ..	5,038,403,560	504,675,600		4,533,727,960	–504,675,600	102,258,570
	19,816,868,691	70,794,071,858	72,932,756,748	21,955,553,581	2,138,684,890	6,668,372,574
Less: International Monetary Fund—Notes payable	4,480,204,679	76,000,000	571,854,357	3,984,350,322	–495,854,357	207,579,361
Special Drawing Rights allocations	1,335,048,456		133,726,164	1,201,322,292	–133,726,164	27,095,913
	5,815,253,135	76,000,000	705,580,521	5,185,672,614	–629,580,521	234,675,274
Total foreign exchange accounts	14,001,615,556	70,870,071,858	73,638,337,269	16,769,880,967	2,768,265,411	6,433,697,300

International Reserves Held in the Exchange Fund Account

This account records the moneys advanced from the Government of Canada to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and Special Drawing Rights (SDRs).

The Exchange Fund Account is operated under the provisions of the Currency Act. In accordance with this Act, audited financial statements for the Exchange Fund Account are prepared for each calendar year. The financial statements as at December 31, 1988, together with the Auditor General's report thereon, are found at the end of this section.

Table 9.2 shows foreign exchange reserves held by and advances to the Exchange Fund Account as at March 31, 1989. Gold held by the Account is valued at 35 SDRs per fine ounce (\$53.95 Cdn as at March 31, 1989 and \$59.96 Cdn as at March 31, 1988).

In 1988-89, payments and other charges consisted of advances to the Exchange Fund Account in the amount of \$72,576.9 million and an adjustment of \$355.9 million to recognize the net income of the Exchange Fund Account for the period January 1 to March 31. Receipts and other credits consisted of repayments of advances of \$69,370.3 million and a valuation adjustment of \$919.1 million.

TABLE 9.2

**INTERNATIONAL RESERVES HELD IN
THE EXCHANGE FUND ACCOUNT**
(in millions of dollars)

	March 31/ 1989	March 31/ 1988
US cash on deposit	107	72
US dollar short-term deposits	2,443	2,566
US dollar investments	10,325	9,335
Deutsche marks cash on deposits	8	1
Deutsche marks short-term deposits	1,331	252
Japanese yen cash on deposit	456	262
Japanese yen short-term deposits	9	40
Swiss francs cash on deposits	1	
Swiss francs short-term deposits	217	
Special Drawing Rights	1,605	954
International Monetary Fund notes	(1) ¹	192
Gold	919	1,104
Canadian cash on deposit	1	1
Total	17,422	14,779
Advances by the Consolidated Revenue Fund were denominated as follows:		
US dollars (1989, US \$ 5,197 million; 1988, US \$ 5,932 million) ⁽²⁾	6,197	7,326
Deutsche marks (1989, DM 200 million; 1988, DM 200 million)	126	149
Swiss francs (1989, SF 700 million; 1988, SF 952 million)	502	861
Japanese yen (1989, Y 140,000 million; 1988, Y 260,000 million)	1,258	2,582
Special Drawing Rights (1989, SDR 383.3 million; 1988, SDR 383.3 million)	591	657
Canadian dollar deposit with the Receiver General for Canada	8,392	2,821
Total advances from the Consolidated Revenue Fund	17,066	14,396
Total net income from January 1 to March 31	356	383
Total	17,422	14,779

⁽¹⁾ Less than \$500,000.

⁽²⁾ Excludes 1968 issue (1988, \$123,490,000), the proceeds of which were advanced to the Exchange Fund Account in Canadian dollars.

International Monetary Fund—Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of the SDR, a unit of account defined in terms of a "basket" of five major currencies.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars. In 1988-89, receipts and other credits consisted of a maintenance of value adjustment of \$443 million and a valuation adjustment of \$61.7 million.

International Monetary Fund—Notes Payable

This account records non-marketable, non-interest bearing notes issued by the Government of Canada to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 1988-89, notes payable to the IMF decreased by \$495.9 million.

Special Drawing Rights Allocations

This account records the value of SDRs allocated to Canada by the IMF. The Special Drawing Right is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 1988-89, payments and other charges consisted of a valuation adjustment of \$133.7 million.

SUPPLEMENTARY STATEMENT

Exchange Fund Account

AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have examined the balance sheet of the Exchange Fund Account as at December 31, 1988 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the Exchange Fund Account for the year ended December 31, 1988 was in compliance, in all significant respects, with applicable provisions of the Currency Act.

Further, in my opinion, the financial statements present fairly the financial position of the Exchange Fund Account as at December 31, 1988 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

D. Larry Meyers, F.C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 24, 1989

BALANCE SHEET AS AT DECEMBER 31, 1988

(in millions of dollars)

ASSETS	1988		1987		LIABILITIES	1988		1987	
	US	Cdn	US	Cdn		Cdn		Cdn	
Denominated in US dollars									
Cash and short-term deposits ...	3,321.0	3,960.3	1,727.7	2,244.8	Provision for valuation losses				
Securities (Note 3)	7,137.2	8,511.1	3,348.8	4,351.1	on uncompleted contracts				
	10,458.2	12,471.4	5,076.5	6,595.9	(Note 8)	3.5		4.3	
Denominated in other foreign					Due to the Consolidated Revenue Fund				
currencies					Advances (Note 9)	14,480.9		8,247.0	
Cash and short-term deposits ...	865.1	1,031.6			Net income for the year	1,685.5		317.1	
Denominated in Special Drawing									
Rights									
Special Drawing Rights (Note 4).	1,384.1	1,650.5	419.2	544.7					
International Monetary Fund									
notes (Note 5)	42.8	51.0	178.8	232.3					
Gold (Note 6)	808.0	963.5	919.8	1,195.1					
	2,234.9	2,665.0	1,517.8	1,972.1					
Official international reserve assets									
(Note 7)	13,558.2	16,168.0	6,594.3	8,568.0					
Denominated in Canadian dollars									
Cash		1.9		0.4					
		16,169.9		8,568.4			16,169.9		8,568.4

Approved:

J.W. CROW
Governor,
Bank of Canada

FRED GORBET
Deputy Minister,
Department of Finance

D.R. STEPHENSON
Chief, International Department,
Bank of Canada

Exchange Fund Account—Continued

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1988 (in millions of Canadian dollars)

	1988	1987
Investment income		
Cash and short-term deposits	234.0	128.2
US dollar securities	690.6	249.2
Special Drawing Rights	65.1	30.0
International Monetary Fund notes	10.6	18.8
Gold loans	7.1	2.9
	1,007.4	429.1
Net valuation gains (Note 10)	678.1	300.3
Income for the year	1,685.5	729.4
Reconciliation of income for the year to net income due to the Consolidated Revenue Fund:		
Losses deferred from previous years (Note 2)		-412.3
Net income for the year due to the Consolidated Revenue Fund	1,685.5	317.1

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1988

1. Authority and objective

The Account is governed by Part II of the Currency Act (the Act). The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent. The Account is funded by advances from the Consolidated Revenue Fund (CRF) which are limited to Cdn \$25 billion by Order in Council dated June 30, 1988 and are not subject to interest. The net income or loss for the year is payable or chargeable to the CRF within three months after the end of the year.

The main objective of the Account is to aid in the control and protection of the external value of the Canadian dollar and the Minister acquires for the Account those assets which are deemed appropriate for this purpose in accordance with the Act.

2. Accounting policies

Valuation of assets

US dollar securities, Special Drawing Rights (SDRs) and International Monetary Fund (IMF) notes are adjusted for amortized premiums and discounts where applicable, and include accrued interest. Gold includes gold loans and accrued interest on gold loans. The Minister of Finance determines the gold valuation policy of the Account (Note 6). Cash and short-term deposits include accrued interest where applicable.

Translation of foreign currencies and SDRs

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates in the Canadian foreign exchange market. Assets and liabilities denominated in SDRs are first translated into US dollars at the year-end US dollar value of the SDR, as calculated by the IMF, and then into Canadian dollars. Investment income in foreign currencies is translated into Canadian dollars at the foreign exchange rates prevailing on the date the income is recorded. The assets and liabilities denominated in foreign currencies and SDRs have been translated into Canadian dollars at the following year-end exchange rates:

	1988	1987
US dollar	1.1925	1.2993
Japanese yen	0.009547	0.010737
Swiss franc	0.7955	1.0231
Special Drawing Right	1.604750	1.84327
Deutsche mark	0.6735	0.8275

Investment income

Investment income is recorded on the accrual basis and includes interest earned, amortization of premiums and discounts, and gains and losses on the sale of securities.

Valuation gains and losses

Valuation gains and losses include the increases and decreases in the value of assets and liabilities arising from the translation of foreign currencies and SDRs during the year and at year end. Valuation gains and losses also include gains or losses on transactions in foreign currencies, SDRs and gold, and on the liquidation of liabilities.

On March 22, 1988 amendments to the Currency Act came into force. The amendments required that the net income of the Account for a calendar year be determined in accordance with accounting principles that are consistent with those applied in preparing the Public Accounts of Canada. The amendments removed the provision whereby valuation gains and losses for the year were taken into net income due to the CRF in three equal portions over the current and two succeeding years. The modified accounting policy takes valuation gains and losses into net income due to the CRF in the current year. This accounting policy was applied to the Account for 1987; this eliminated the deferral of any valuation gains and losses except for the 1987 deferred losses of \$412.3 million carried forward from previous years.

Operating expenses

The Bank of Canada provides, without charge, the administrative, custodial and fiscal agency services to carry out the objectives of the Account.

Exchange Fund Account—Continued

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1988—Continued

3. Securities denominated in US dollars

	1988	1987
	(in millions of US dollars)	
US Government securities	6,771.8	3,207.3
International Bank for Reconstruction and Development bonds	226.0	109.0
Accrued interest	139.4	32.5
	<u>7,137.2</u>	<u>3,348.8</u>

Estimated market value at year end:

1988—US \$7,050 million (Cdn \$8,407 million)

1987—US \$3,337 million (Cdn \$4,336 million)

4. Special Drawing Rights

	1988	1987
	(in millions of SDRs)	
Held at end of the year	1,017.4	285.6
Accrued interest	11.1	9.9
	<u>1,028.5</u>	<u>295.5</u>
	(in millions of US dollars)	
Held at end of the year	1,369.2	405.2
Accrued interest	14.9	14.0
	<u>1,384.1</u>	<u>419.2</u>

5. International Monetary Fund notes

	1988	1987
	(in millions of SDRs)	
Supplementary Financing Facility notes	29.7	120.4
Accrued interest	2.1	5.7
	<u>31.8</u>	<u>126.1</u>
	(in millions of US dollars)	
Notes	39.9	170.8
Accrued interest	2.9	8.0
	<u>42.8</u>	<u>178.8</u>

These notes represent Canada's participation in the Supplementary Financing Facility established to assist members of the IMF with balance of payments needs. The notes were acquired in 1984 and have original terms to maturity of five years. They are redeemable on demand if Canada represents that it has a balance of payments need and are transferable to other members.

6. Gold

	1988	1987
	(in thousands of fine ounces)	
Held at beginning of the year	18,518.4	19,723.9
Sales	1,379.4	1,205.5
Held at end of the year	<u>17,139.0</u>	<u>18,518.4</u>
	(in millions of US dollars)	
Gold and gold loans	807.3	919.5
Accrued interest on gold loans	0.7	0.3
	<u>808.0</u>	<u>919.8</u>

Gold is valued in the Account at 35 SDRs per fine ounce, which approximates its historical cost in foreign currency terms. In keeping with the method of valuation used for other assets, gold holdings were translated into US dollars at the year-end US dollar value of the SDR, and to a Canadian dollar equivalent at the year-end exchange rate for the US dollar.

The book value, market value (as recorded at the London fixings), and approximate Canadian dollar historical cost of gold and gold loans at historical rates of exchange, excluding accrued interest on gold loans, at year end are:

	1988	1987		
	Price per fine ounce	Total value in millions	Price per fine ounce	Total value in millions
Book value—\$ US	47.10	807.3	49.65	919.5
—\$ Cdn	56.17	962.6	64.51	1,194.7
Market value—\$ US	410.15	7,029.6	486.50	9,009.0
—\$ Cdn	489.10	8,382.7	632.11	11,705.4
Approximate historical cost—\$ Cdn	36.91	632.6	36.91	683.5

The Minister of Finance has authorized loans and/or sales, at market related prices, of part of the gold held by the Account, to the Royal Canadian Mint and others. At year end, the Account's gold holdings included gold loans of 2,705 thousand (1987—1,213 thousand) fine ounces.

7. Official international reserve assets

The Account is the principal repository of Canada's official international reserves. The remainder of Canada's international reserves are held by the Bank of Canada and the CRF and are not reflected in the statements of the Account.

Exchange Fund Account—Concluded

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1988—Concluded

8. Provision for valuation losses on uncompleted contracts

At year end, the Account had uncompleted foreign exchange transactions and swaps. As the exchange rates on these uncompleted contracts differ from the year-end rates at which the Account's assets and liabilities are valued, additional valuation gains or losses will occur upon settlement. The provision for valuation gains or losses on uncompleted contracts arises from the revaluation of such contracts using the year-end rates of exchange and represents the portion of future net gains or losses attributed to the current year.

Under swap arrangements with the Bank of Canada, the Account sells US dollars to the Bank and agrees to repurchase these amounts at the same exchange rates at which they were sold. These contracts are undertaken to assist in the Bank's cash management operations. Outstanding swaps with the Bank of Canada at year end amounted to US \$1,989 million in 1988 (Cdn \$2,375 million) and US \$930 million in 1987 (Cdn \$1,212 million).

9. Due to the Consolidated Revenue Fund—Advances

	1988		1987	
	(in millions)			
	Amount	Cdn \$	Amount	Cdn \$
Foreign currencies and SDRs				
US dollars	5,394	6,432.9	6,158	8,001.6
Japanese yen	140,000	1,336.6	260,000	2,792.4
Swiss francs	952	757.3	952	974.0
SDRs	383	615.1	383	706.5
Deutsche marks	200	134.7	200	165.5
		9,276.6		12,640.0
Plus (less) Canadian dollar advances (repayments) to the Receiver General for Canada		5,204.3		-4,393.0
		14,480.9		8,247.0

The proceeds of Canada's borrowings in foreign currency and allocations of SDRs by the IMF have been advanced in foreign currency and SDRs from the CRF to the Account. Redemptions of borrowings and SDR allocations are made using the resources of the Account. Interest payable by Canada on borrowings in foreign currencies and charges on SDR allocations are charged directly to the CRF.

10. Net valuation gains (losses) during the year

	1988			1987
	Assets	Liabilities	Total	Total
	(in millions of Canadian dollars)			
Japanese yen	92.1	162.5	254.6	-520.0
Swiss francs	-1.1	216.7	215.6	-177.3
US dollars	-876.5	627.7	-248.8	263.5
Gold	-152.2		-152.2	101.5
Deutsche marks	1.6	30.8	32.4	-17.1
Special Drawing Rights	-161.9	91.4	-70.5	8.3
	<u>-1,098.0</u>	<u>1,129.1</u>	<u>31.1</u>	<u>-341.1</u>
Gain on gold sales			647.0	641.4
Net valuation gains during the year			<u>678.1</u>	<u>300.3</u>



SECTION 10

1988-89

PUBLIC ACCOUNTS

Unmatured Debt

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UNMATURED DEBT

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due.

The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as issues and retirements. In addition, the term "account(s) without current transactions" has been included in some tables, to show the net result of transactions in accounts which were closed out in the previous year.

TABLE 10.1

UNMATURED DEBT

	April 1/1988	Issues	Retirements	March 31/1989	Net increase or decrease (-)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Payable in Canadian currency—						
Marketable bonds, Table 10.2	103,898,609,000	17,425,000,000	5,575,850,000	115,747,759,000	11,849,150,000	9,472,699,000
Canada savings bonds, Table 10.3	53,323,497,809	14,980,616,900	20,548,428,409	47,755,686,300	-5,567,811,509	9,013,853,809
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund, Table 10.4	2,491,847,000	519,360,000	5,607,000	3,005,600,000	513,753,000	696,167,000
Treasury bills, Table 10.5	81,050,000,000	245,650,000,000	224,000,000,000	102,700,000,000	21,650,000,000	4,100,000,000
	240,763,953,809	278,574,976,900	250,129,885,409	269,209,045,300	28,445,091,491	23,282,719,809
Less: Government's holdings of unmatured debt—						
Marketable bonds	150,620,835	146,821,633	281,367,988	16,074,480	-134,546,355	141,086,735
Canada savings bonds held on account of employees	138,320,831	207,009,553	197,341,181	147,989,203	9,668,372	11,712,099
Canada savings bonds held on account of the Payroll Savings Plan	948,176,000	1,720,925,000	1,666,832,000	1,002,269,000	54,093,000	216,723,500
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund	2,491,847,000	519,360,000	5,607,000	3,005,600,000	513,753,000	696,167,000
	3,728,964,666	2,594,116,186	2,151,148,169	4,171,932,683	442,968,017	1,065,689,334
	237,034,989,143	275,980,860,714	247,978,737,240	265,037,112,617	28,002,123,474	22,217,030,475
Payable in foreign currencies—						
Marketable bonds, Table 10.2	6,323,029,096		949,492,216	5,373,536,880	-949,492,216	454,583,949
Notes and loans, Table 10.6	3,926,404,500		2,015,632,400	1,910,772,100	-2,015,632,400	-1,170,123,000
Canada bills, Table 10.7	1,044,542,635	7,513,847,696	7,427,649,906	1,130,740,425	86,197,790	-815,602
	11,293,976,231	7,513,847,696	10,392,774,522	8,415,049,405	-2,878,926,826	-716,354,653
Less: Government's holdings of unmatured debt—						
Marketable bonds	12,349,000	413,374,873	330,580,261	95,143,612	82,794,612	-706,000
	11,281,627,231	7,100,472,823	10,062,194,261	8,319,905,793	-2,961,721,438	-715,648,653
Total unmatured debt	248,316,616,374	283,081,333,537	258,040,931,501	273,357,018,410	25,040,402,036	21,501,381,822

Note: this table includes unmatured debt issued by the Government of Canada. Borrowings of agent Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 10.11.

Marketable Bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- bought and sold on the open market;
- payable in Canadian or foreign currency;
- subject to call or redemption before maturity;
- fixed dates of maturity;
- interest payable either in coupon or registered form; and,

—face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 10.2 presents a summary of the balances and transactions for marketable bonds. Since most of the marketable bonds are not subject to call or redemption before maturity, exceptions only are noted in the table.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1989.

TABLE 10.2

MARKETABLE BONDS

Maturity date	%	Issue date	Series	April 1/1988	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1989	Net increase or decrease (-)	
								1989	1988
				\$	\$	\$	\$	\$	\$
Payable in Canadian currency—									
Matured 1988-89									
1988—June 1	5	June 1/63	AT21	100,000,000		100,000,000		-100,000,000	
June 1	5	Feb 1/64	CT9	50,000,000		50,000,000		-50,000,000	
June 6	8.5	June 6/86	H86	550,000,000		550,000,000		-550,000,000	
Sept 5	8.75	Sept 5/86	H90	550,000,000		550,000,000		-550,000,000	
Oct 15	10.75	Oct 15/83-Nov 8/83							
		Dec 15/83-May 1/85							
		May 22/85	H11	825,000,000		825,000,000		-825,000,000	
Nov 15	10	July 23/85-Sept 1/85							
		Oct 1/85-Oct 23/85	H64	625,000,000		625,000,000		-625,000,000	
Dec 5	8.5	Dec 5/86	H91	600,000,000		600,000,000		-600,000,000	
Dec 15	9.75	Nov 15/85-Feb 6/86							
		Mar 15/86	H69	475,000,000		475,000,000		-475,000,000	
1989—Feb 15	6.75	Feb 15/71	F61	150,000,000		150,000,000		-150,000,000	
Feb 15	11	Feb 21/84	H15	200,000,000		200,000,000		-200,000,000	
Mar 5	8	Mar 5/87	H99	600,000,000		600,000,000		-600,000,000	
Mar 15	12.5	Apr 1/84-May 1/84							
		Aug 22/84-Sept 12/84	H20	575,000,000		575,000,000		-575,000,000	
				5,300,000,000		5,300,000,000		-5,300,000,000	
Maturing 1989-90									
1989—Apr 15	9.25	Dec 15/85-Apr 10/86	H72	275,000,000			275,000,000		
June 1	13.25	June 1/84-June 19/84							
		July 11/84	H24	525,000,000			525,000,000		
June 6	9	June 6/87	A5	550,000,000			550,000,000		550,000,000
July 1	13.5	Aug 1/84	H32	150,000,000			150,000,000		
July 1	8.5	Apr 28/86-May 22/86							
		July 3/86-July 24/86							
		Sept 2/86-Oct 1/86							
		Oct 23/86-Dec 15/86	H82	1,175,000,000			1,175,000,000		
Aug 1	13.75	Mar 1/81	J58	442,320,000			442,320,000		
Sept 6	9.75	Sept 6/87	A9	550,000,000			550,000,000		550,000,000
Oct 1	10	Aug 15/79-June 12/85							
		July 1/85	J26	450,000,000			450,000,000		
Oct 1	10.5	Oct 1/79-July 1/80							
		May 15/83-June 21/83	J29	775,000,000			775,000,000		
Nov 1	10.75	Jan 7/85	H49	350,000,000			350,000,000		
Nov 1	12.25	Oct 1/84-Oct 24/84	H40	325,000,000			325,000,000		
Dec 6	9.25	Dec 6/87	A11	500,000,000			500,000,000		500,000,000
Dec 15	11.25	Dec 15/79-Feb 1/80							
		June 1/80-Aug 1/80							
		Sept 27/83-Feb 1/84							
		Mar 13/84	J33	1,075,000,000			1,075,000,000		
1990—Feb 1	12	Nov 14/84-Mar 19/85	H43	400,000,000			400,000,000		
Feb 1	13.25	Mar 31/81	J60	592,912,000			592,912,000		
Feb 26	10	Feb 26/86	H77	500,000,000			500,000,000		
Mar 6	8.75	Mar 6/88	A14	550,000,000			550,000,000		550,000,000
Mar 15	13.75	Mar 31/80	J38	839,453,000			839,453,000		
				10,024,685,000			10,024,685,000		2,150,000,000
Maturing 1990-91									
1990—May 1	5.25	May 1/64-July 1/64							
		Sept 1/65	CT12	225,000,000			225,000,000		
May 1	5.25	Apr 1/67	F12	125,000,000			125,000,000		
May 1	13	May 1/80	J41	1,784,422,000			1,784,422,000		
June 1	11.75	Apr 10/85	H56	150,000,000			150,000,000		
June 6	9.25	June 6/88	A15		550,000,000		550,000,000	550,000,000	
July 1	8	Jan 29/87-Feb 19/87							
		Mar 15/87	H95	600,000,000			600,000,000		
Aug 1	7.5	Apr 16/87	A2	500,000,000			500,000,000		500,000,000
Aug 1	9	Aug 11/86-June 1/87							
		Sept 1/87	H88	1,025,000,000			1,025,000,000		525,000,000
Sept 1	10.75	July 12/83-Feb 1/85							
		Feb 19/85	H5	550,000,000			550,000,000		
Sept 5	10.25	Sept 5/88	A19		650,000,000		650,000,000	650,000,000	
Oct 1	10.5	Aug 15/85-Oct 1/85							
		Oct 23/85	H65	1,100,000,000			1,100,000,000		
Oct 1	12.5	Oct 1/80	J49	22,539,000			22,539,000		

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1988	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1989	Net increase or decrease (—)	
								1989	1988
				\$	\$	\$	\$	\$	\$
Dec 5	10.25	Dec 5/88	A20		650,000,000		650,000,000	650,000,000	
Dec 15	10.25	Nov 15/85-Oct 15/87	H70	575,000,000			575,000,000		200,000,000
1991—Feb 1	12.5	Feb 1/81	J56	718,974,000			718,974,000		
Mar 1	9.25	Dec 15/85-Apr 10/86							
		Feb 1/88	H73	725,000,000			725,000,000		175,000,000
Mar 5	11	Mar 5/89	A22		700,000,000		700,000,000	700,000,000	
				8,100,935,000	2,550,000,000		10,650,935,000	2,550,000,000	1,400,000,000
Maturing 1991–92									
1991—May 1	9.75	Feb 6/86-Mar 15/86							
		Dec 15/87	H75	825,000,000			825,000,000		200,000,000
May 1	14.5	May 1/81	J62	490,857,000			490,857,000		
June 1	11	May 1/85-May 22/85	H57	425,000,000			425,000,000		
July 1	8.5	Apr 28/86-May 22/86							
		June 12/86-July 3/86							
		July 24/86	H83	1,700,000,000			1,700,000,000		
Sept 1	9	July 23/87-Feb 25/88							
		Apr 14/88-Aug 4/88	A7	1,000,000,000	725,000,000		1,725,000,000	725,000,000	1,000,000,000
Oct 1	18	Oct 15/81	J73	392,685,000			392,685,000		
Dec 15	11.5	Dec 15/84	H47	225,000,000			225,000,000		
Dec 15	8.75	Sept 2/86-Oct 1/86							
		Oct 23/86-Nov 12/86							
		July 1/87	H89	1,850,000,000			1,850,000,000		250,000,000
1992—Feb 1	15.5	Feb 1/82	J76	1,246,186,000			1,246,186,000		
Mar 1	8.5	Jan 6/87-May 1/87	H94	1,025,000,000			1,025,000,000		475,000,000
				9,179,728,000	725,000,000		9,904,728,000	725,000,000	1,925,000,000
Maturing 1992–93									
1992—Apr 1	7.75	Mar 12/87	A1	600,000,000			600,000,000		
June 1	10.25	June 12/85-July 1/85							
		July 23/85-Sept 1/85							
		Sept 24/87-Oct 15/87							
		Sept 1/88	H61	1,600,000,000	250,000,000		1,850,000,000	250,000,000	850,000,000
June 1	15	June 1/82	J82	200,000,000			200,000,000		
July 1	9.25	May 21/87-Aug 13/87							
		Sept 1/87-June 1/88	A4	1,125,000,000	175,000,000		1,300,000,000	175,000,000	1,125,000,000
July 1	15	July 1/82	J85	398,789,000			398,789,000		5,381,000
Sept 1	5.75	Sept 1/66-Dec 15/66							
		Feb 1/67	F6	225,000,000			225,000,000		
Sept 1	14.25	Sept 1/82	J88	648,917,000			648,917,000		543,798,000
Oct 15	13.5	Oct 15/82	J91	400,000,000			400,000,000		
Nov 15	12.75	Nov 1/82	J93	500,000,000			500,000,000		
Dec 15	11.75	Nov 22/82-Dec 15/82							
		Aug 1/83-Sept 1/83	J95	2,050,000,000			2,050,000,000		
1993—Feb 1	11.25	Feb 1/83-Mar 15/83							
		Apr 27/83-July 12/83	J99	1,850,000,000			1,850,000,000		
				9,597,706,000	425,000,000		10,022,706,000	425,000,000	2,524,179,000
Maturing 1993–94									
1993—May 1	10.75	May 15/83-June 21/83							
		Nov 5/87-Mar 15/89	H3	1,550,000,000	75,000,000		1,625,000,000	75,000,000	500,000,000
June 1	15.25	June 1/81	J65	895,006,000			895,006,000		
July 1	8.75	Feb 18/88-Mar 18/88							
		May 5/88	A13	1,075,000,000	550,000,000		1,625,000,000	550,000,000	1,075,000,000
July 1	14.75	July 1/81	J69	445,459,000			445,459,000		
Sept 1	9.5	June 23/88-July 21/88							
		Oct 15/88-Oct 31/88							
		Dec 15/88	A16		1,575,000,000		1,575,000,000	1,575,000,000	
Oct 15	11.75	Sept 27/83-Oct 15/83							
		Feb 1/84	H8	1,025,000,000			1,075,000,000		
Dec 15	11.5	Nov 8/83-Dec 15/83							
		Feb 21/84	H12	850,000,000			850,000,000		
1994—Feb 1	8.75	Dec 15/86	H93	250,000,000			250,000,000		
Feb 1	10.25	Jan 1/89-Feb 9/89	A21		1,300,000,000		1,300,000,000	1,300,000,000	
Mar 1	8.25	Jan 29/87-Feb 19/87							
		Mar 15/87	H96	800,000,000			800,000,000		
Mar 1	12	Mar 13/84-Apr 10/85	H17	700,000,000			700,000,000		
				7,590,465,000	3,500,000,000		11,090,465,000	3,500,000,000	1,575,000,000

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1988	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1989	Net increase or decrease (—)	
								1989	1988
				\$	\$	\$	\$	\$	\$
Maturing 1994–95									
1994—Apr 1	13	Apr 1/84-May 1/84 Aug 22/84	H21	1,025,000,000			1,025,000,000		
May 15	13.75	June 1/84-July 11/84 Aug 1/84	H25	1,200,000,000			1,200,000,000		
June 15	9.5	June 15/74-July 1/75 Aug 15/75-June 1/76 Aug 1/76-Apr 1/77	F85	727,545,000		51,225,000	676,320,000	–51,225,000	
July 15	7.75	Apr 16/87	A3	400,000,000			400,000,000		400,000,000
July 15	13.5	June 19/84	H29	250,000,000			250,000,000		
Oct 1	9.25	June 18/87-July 30/87 Feb 1/88-Apr 14/88	A6	1,050,000,000	500,000,000		1,550,000,000	500,000,000	1,050,000,000
Oct 1	12.75	Sept 12/84	H39	475,000,000			475,000,000		
Dec 1	6.25	Dec 1/67	F23	125,000			125,000		
Dec 15	12.5	Oct 1/84-Oct 24/84	H42	900,000,000			900,000,000		
1995—Feb 1	11.5	Feb 1/85	H51	375,000,000			375,000,000		
Feb 1	12.25	Nov 14/84-Mar 19/85	H44	725,000,000			725,000,000		
Mar 1	10	Jan 5/88-June 1/88 Aug 11/88	A12	450,000,000	950,000,000		1,400,000,000	950,000,000	450,000,000
Mar 1	11.75	Dec 15/84	H48	475,000,000			475,000,000		
				8,052,670,000	1,450,000,000	51,225,000	9,451,445,000	1,398,775,000	1,900,000,000
Maturing 1995–96									
1995—Apr 1	11.25	Feb 19/85-May 1/85 May 22/85	H54	1,350,000,000			1,350,000,000		
June 1	10.5	June 12/85-July 1/85 July 23/85-Sept 1/85	H62	1,850,000,000			1,850,000,000		
Oct 1	6.5	Oct 1/68	F33	100,000,000			100,000,000		
Oct 1	10	Oct 1/75-Dec 15/75 Feb 1/76-Apr 1/76	F97	690,625,000		12,750,000	677,875,000	–12,750,000	
Dec 15	10.75	Oct 1/85-Oct 23/85 Nov 15/85-Mar 15/89	H67	950,000,000	150,000,000		1,100,000,000	150,000,000	
1996—Mar 1	10.25	Feb 6/86-Dec 15/87 Sept 22/88	H76	825,000,000	550,000,000		1,375,000,000	550,000,000	475,000,000
				5,765,625,000	700,000,000	12,750,000	6,452,875,000	687,250,000	475,000,000
Maturing 1996–97									
1996—May 1	9.25	Apr 10/86-June 1/87 July 1/87-Mar 31/88	H80	2,000,000,000			2,000,000,000		1,525,000,000
June 1	8.75	Apr 28/86-May 22/86 July 24/86-Oct 1/86	H84	2,175,000,000			2,175,000,000		200,000,000
Sept 15	3	Dec 15/86-May 1/87 Sept 15/36	P1	55,000,000			55,000,000		
1997—Mar 1	8.25	Jan 29/87-Feb 19/87 Mar 15/87	H97	1,125,000,000			1,125,000,000		
				5,355,000,000			5,355,000,000		1,725,000,000
Maturing 1997–98									
1997—May 15	9.25	May 15/77-July 1/77 Sept 1/77-Feb 1/78	J9	984,000,000		48,000,000	936,000,000	–48,000,000	
Oct 1	9.75	Aug 13/87-Sept 1/87 Nov 15/87-Feb 1/88 May 12/88	A8	1,575,000,000	500,000,000		2,075,000,000	500,000,000	1,575,000,000
⁽¹²⁾ 1998—Mar 15	3.75	Sept 15/56	T15	197,045,000			197,045,000		
Mar 15	10.75	Oct 15/87-Mar 15/89	A10	250,000,000	625,000,000		875,000,000	625,000,000	250,000,000
				3,006,045,000	1,125,000,000	48,000,000	4,083,045,000	1,077,000,000	1,825,000,000
Maturing 1998–99									
1998—Oct 1	9.5	June 30/88-July 21/88 Nov 15/88	A17		1,500,000,000		1,500,000,000	1,500,000,000	
Dec 1	10.25	Sept 1/88-Oct 15/88 Dec 15/88-Jan 26/89	A18		2,275,000,000		2,275,000,000	2,275,000,000	
					3,775,000,000		3,775,000,000	3,775,000,000	
Maturing 1999–2000									
1999—Oct 15	9	Oct 15/77-Dec 15/77	J13	592,750,000		29,000,000	563,750,000	–29,000,000	
Dec 1	13.5	Dec 1/80	J53	400,000,000			400,000,000		
2000—Mar 15	13.75	Mar 31/80-Mar 1/81 Mar 31/81-Oct 15/82	J39	1,050,000,000			1,050,000,000		
				2,042,750,000		29,000,000	2,013,750,000	–29,000,000	

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1988	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1989	Net increase or decrease (—)	
								1989	1988
				\$	\$	\$	\$	\$	\$
Maturing 2000-01									
2000—July 1	15	July 1/81	J70	175,000,000			175,000,000		
Dec 15	9.75	Dec 15/78	J22	537,500,000		21,875,000	515,625,000	—21,875,000	
2001—Feb 1	15.75	June 1/81-July 31/81	J66	425,000,000			425,000,000		
				1,137,500,000		21,875,000	1,115,625,000	—21,875,000	
Maturing 2001-02									
2001—May 1	13	May 1/80-Oct 1/80	J42	1,325,000,000			1,325,000,000		
		Feb 1/81							
Oct 1	9.5	Oct 1/76-Dec 1/76							
		Apr 1/78-May 15/78							
		July 1/78	J2	1,379,000,000		65,000,000	1,314,000,000	—65,000,000	
2002—Feb 1	8.75	Feb 1/77	J7	240,000,000		12,000,000	228,000,000	—12,000,000	
Mar 15	15.5	Mar 31/82-May 1/82	J79	350,000,000			350,000,000		
				3,294,000,000		77,000,000	3,217,000,000	—77,000,000	
Maturing 2002-03									
2002—May 1	10	May 1/79-June 1/79	J25	1,850,000,000			1,850,000,000		
		July 15/79							
Dec 15	11.25	Dec 15/79-July 1/80							
		May 15/83	J34	1,625,000,000			1,625,000,000		
2003—Feb 1	11.75	Feb 1/80-June 1/80							
		Aug 1/80-Feb 1/83							
		Apr 27/83-June 21/83	J35	2,700,000,000			2,700,000,000		
		July 12/83							
				6,175,000,000			6,175,000,000		
Maturing 2003-04									
2003—Oct 1	9.5	Aug 15/78-Oct 1/78	J18	751,500,000		36,000,000	715,500,000	—36,000,000	
2004—Feb 1	10.25	Feb 1/79-Mar 15/79	J24	2,200,000,000			2,200,000,000		
		Mar 21/79-Aug 15/79				36,000,000	2,915,500,000	—36,000,000	
				2,951,500,000					
Maturing 2004-05									
2004—June 1	13.5	Apr 1/84-May 1/84	H22	550,000,000			550,000,000		
Oct 1	10.5	Oct 1/79-Dec 15/87	J30	875,000,000			875,000,000		275,000,000
2005—Mar 1	12	Oct 15/83-Nov 8/83							
		Dec 15/83-Feb 1/84	H9	1,775,000,000			1,775,000,000		
		Feb 21/84-Dec 15/84							275,000,000
				3,200,000,000			3,200,000,000		
Maturing 2005-06									
2005—Sept 1	12.25	Aug 1/83-Sept 1/83							
		Sept 27/83-Apr 10/85	H6	1,375,000,000			1,375,000,000		
2006—Mar 1	12.5	Mar 13/84-Nov 14/84	H18	975,000,000			975,000,000		
		Mar 19/85							
				2,350,000,000			2,350,000,000		
Maturing 2006-07									
2006—Oct 1	14	June 1/84-July 11/84							
		Aug 1/84	H26	1,025,000,000			1,025,000,000		
2007—Mar 1	13.75	June 19/84	H30	325,000,000			325,000,000		
				1,350,000,000			1,350,000,000		
Maturing 2007-08									
2007—Oct 1	13	Aug 22/84-Sept 12/84	H36	700,000,000			700,000,000		
2008—Mar 1	12.75	Oct 1/84-Oct 24/84	H41	750,000,000			750,000,000		
				1,450,000,000			1,450,000,000		
Maturing 2008-09									
2008—June 1	10	Dec 15/85-Sept 1/87							
		Feb 1/88-Apr 14/88							
		June 1/88-July 21/88							
		Oct 15/88-Dec 15/88							
		Feb 23/89	H74	900,000,000	2,025,000,000		2,925,000,000	2,025,000,000	575,000,000
		Feb 1/85-May 1/85	H52	725,000,000			725,000,000		
2009—Mar 1	11.5	May 22/85	H58	400,000,000			400,000,000		
				2,025,000,000	2,025,000,000		4,050,000,000	2,025,000,000	575,000,000

TABLE 10.2

MARKETABLE BONDS—*Concluded*

Maturity date	%	Issue date	Series	April 1/1988	Issues ⁽¹⁾	Retirements ⁽¹⁾	Net increase or decrease (—)		
							March 31/1989	1989	1988
				\$	\$	\$	\$	\$	\$
Maturing 2009–10									
2009—June 1	11	Oct 1/85-Oct 23/85	H68	925,000,000			925,000,000		300,000,000
Oct 1	10.75	Oct 15/87							
		June 12/85-July 1/85	H63	1,000,000,000	300,000,000		1,300,000,000	300,000,000	
		Sept 1/85-Sept 1/88							
2010—Mar 1	9.75	Mar 15/86	H79	325,000,000			325,000,000		
				2,250,000,000	300,000,000		2,550,000,000	300,000,000	300,000,000
Maturing 2010–11									
2010—June 1	9.5	Apr 10/86-July 1/87	H81	650,000,000			650,000,000		325,000,000
Oct 1	8.75	Apr 28/86	H85	325,000,000			325,000,000		
2011—Mar 1	9	July 3/86-Sept 2/86	H87	1,975,000,000			1,975,000,000		675,000,000
		Oct 23/86-Dec 15/86							
		May 1/87-Mar 15/88							
				2,950,000,000			2,950,000,000		1,000,000,000
Maturing 2011–12									
2011—June 1	8.5	Feb 19/87-Mar 15/87	H98	750,000,000			750,000,000		
Maturing 2013–14									
2014—Mar 15	10.25	Mar 15/89-Mar 30/89	A23		850,000,000		850,000,000	850,000,000	
Accounts without current transactions									–8,176,480,000
Total marketable bonds (Canadian currency)				103,898,609,000	17,425,000,000	5,575,850,000	115,747,759,000	11,849,150,000	9,472,699,000
Payable in foreign currencies—									
United States dollars—									
1988—June 1	6.875	June 1/68		123,490,000		123,490,000		–123,490,000	–7,060,000
1989—July 15	9.25	July 15/85		555,705,000		19,080,000	536,625,000	–19,080,000	–31,770,000
1995—July 15	10.125	July 15/85		555,705,000		197,861,985	357,843,015	–197,861,985	–31,770,000
Nov 21	10	Nov 21/85		617,450,000		21,200,000	596,250,000	–21,200,000	–35,300,000
1996—Feb 27	9	Feb 27/86		1,234,900,000		42,400,000	1,192,500,000	–42,400,000	–70,600,000
(2) 1998—Apr 1	8.625	Apr 1/78		308,725,000		60,428,612	248,296,388	–60,428,612	–17,650,000
(2) Oct 15	9.25	Oct 15/78		432,215,000		93,534,268	338,680,732	–93,534,268	–24,710,000
				3,828,190,000		557,994,865	3,270,195,135	–557,994,865	–218,860,000
Deutsche marks—									
1989—Apr 30	8.5	Apr 30/82		148,920,000		23,240,000	125,680,000	–23,240,000	4,560,000
Swiss francs—									
1989—Mar 20	3.625	Mar 29/79		227,883,600		227,883,600		–227,883,600	10,155,600
1992—May 10	5.25	May 10/84		180,860,000		37,440,000	143,420,000	–37,440,000	8,060,000
				408,743,600		265,323,600	143,420,000	–265,323,600	18,215,600
Japanese yen—									
(3) 1991—Feb 20	6.125	Feb 20/86		506,117,047		17,377,409	488,739,638	–17,377,409	–28,935,026
(3) 1992—June 25	4.375	June 25/87		687,040,081		23,589,359	663,450,722	–23,589,359	687,040,081
(3) 1993—July 23	5.625	July 23/86		744,018,368		61,966,983	682,051,385	–61,966,983	51,049,694
				1,937,175,496		102,933,751	1,834,241,745	–102,933,751	709,154,749
Account without current transactions									–58,486,400
Total marketable bonds (foreign currencies)				6,323,029,096		949,492,216	5,373,536,880	–949,492,216	454,583,949
Total				110,221,638,096	17,425,000,000	6,525,342,216	121,121,295,880	10,899,657,784	9,927,282,949

⁽¹⁾ Issues and retirements of the marketable bonds payable in foreign currencies include the translation of these currencies to Canadian dollars using closing rates of exchange at March 31.

⁽²⁾ Subject to redemption before maturity.

⁽³⁾ While the terms of the issue remain unaltered from the bondholders' perspective, the Government's Japanese yen liability was converted through a "currency swap" into a floating rate U.S. dollar liability which is based on 6-month London Inter-bank Offered Rate (LIBOR).

Canada Savings Bonds

Canada savings bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;

—not marketable;

—redeemable on demand by the holder, with accrued interest calculated to the end of the previous month;

—not subject to call before maturity; and,

—term to maturity of seven years or more.

Table 10.3 presents a summary of the balances and transactions for Canada savings bonds.

TABLE 10.3

CANADA SAVINGS BONDS

Maturity date	%	Issue date	Series	April 1/1988	Issues	Retirements	March 31/1989	Net increase or decrease (-)	
								1989	1988
				\$	\$	\$	\$	\$	\$
1988—Nov 1	10.5	1981-82	S36	6,484,831,100		6,484,831,100		-6,484,831,100	-366,946,900
1989—Nov 1	9-9.5-10.5	1982-83	S37	5,211,819,900		789,279,100	4,422,540,800	-789,279,100	-401,017,500
1990—Nov 1	9-9.5-10.5	1983-84	S38	5,292,971,200		695,139,000	4,597,832,200	-695,139,000	-523,521,900
1991—Nov 1	9-9.5-10.5	1984-85	S39	6,179,803,600		976,390,300	5,203,413,300	-976,390,300	-838,129,100
1992—Nov 1	9-9.5-10.5	1985-86	S40	7,868,139,400		1,230,548,600	6,637,590,800	-1,230,548,600	-1,310,766,700
1993—Nov 1	9-9.5-10.5	1986-87	S41	5,635,008,800		1,326,901,300	4,308,107,500	-1,326,901,300	-2,956,901,700
1997—Nov 1	9-9.5-10.5	1987-88	S42	16,650,923,809		6,019,845,209	10,631,078,600	-6,019,845,209	16,650,923,809
1998—Nov 1	9.5-10.5	1988-89	S43 ⁽¹⁾		14,980,616,900	3,025,493,800	11,955,123,100	11,955,123,100	
Account without current transactions									-1,239,786,200
Total				53,323,497,809	14,980,616,900	20,548,428,409	47,755,686,300	-5,567,811,509	9,013,853,809

⁽¹⁾ S43 includes bonds related to Government's participation in the Canada savings bonds Payroll Savings Plan.

Special Non-Marketable Bonds

Special non-marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada exclusively to the Canada Pension Plan Investment Fund, and have the following characteristics:

- not negotiable;
- not transferable;

—not assignable;

—issued in Canadian currency only;

—term to maturity of 20 years or less;

—interest payable semi-annually; and,

—redeemable at face value plus accrued interest.

Table 10.4 presents a summary of the balances and transactions for these special non-marketable bonds.

TABLE 10.4

SPECIAL NON-MARKETABLE BONDS

	April 1/1988	Issues	Retirements	March 31/1989	Net increase or decrease (-)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Canada Pension Plan Investment Fund—						
Matured 1988-89	5,607,000		5,607,000		-5,607,000	
Maturing 1989-90	4,059,000			4,059,000		
1990-91	5,447,000			5,447,000		
1991-92	6,540,000			6,540,000		
1992-93	7,112,000			7,112,000		
1993-94	7,907,000			7,907,000		
1994-95	9,087,000			9,087,000		
1995-96	10,217,000			10,217,000		
1996-97	10,651,000			10,651,000		
1997-98	11,351,000			11,351,000		
1998-99	12,015,000			12,015,000		
1999-2000	17,709,000			17,709,000		
2000-01	22,971,000			22,971,000		
2001-02	17,622,000			17,622,000		
2002-03	17,414,000			17,414,000		
2003-04	17,259,000			17,259,000		
2004-05	16,661,000			16,661,000		
2005-06	239,955,000			239,955,000		
2006-07	1,352,282,000			1,352,282,000		
2007-08	699,981,000			699,981,000		699,981,000
2008-09		519,360,000		519,360,000	519,360,000	
Account without current transactions						-3,814,000
Total	2,491,847,000	519,360,000	5,607,000	3,005,600,000	513,753,000	696,167,000

Treasury Bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- common terms: 3 months, 6 months and 12 months;
- issued in Canadian currency only;
- transferable; and,
- bought and sold on the open market.

Three-month and six-month bills are usually issued weekly, while other bills are issued every two weeks, usually for periods of one year or less.

The balance at March 31, 1989 consists of \$36,900 million in three-month bills; \$34,900 million in six-month bills; and, \$30,900 million in 364-day bills.

Table 10.5 presents a monthly summary of Treasury bill issues and redemptions.

TABLE 10.5

TREASURY BILL ISSUES AND REDEMPTIONS

(in millions of dollars)

	Issues				Redemptions				Net change
	3 month bills	6 month bills	Other bills	Total	3 month bills	6 month bills	Other bills	Total	
April, 1988	10,350	5,600	3,300	19,250	9,800	4,850	2,000	16,650	2,600
May	7,400	3,650	2,900	13,950	8,000	2,450	3,250	13,700	250
June	12,350	6,550	5,600	24,500	12,100	4,450	3,750	20,300	4,200
July	10,650	5,500	2,300	18,450	10,350	5,050	2,750	18,150	300
August	7,600	3,700	2,000	13,300	7,400	4,000	3,500	14,900	-1,600
September	12,550	6,350	4,150	23,050	12,350	6,400	2,500	21,250	1,800
October	11,300	5,800	6,150	23,250	10,650	5,600	2,000	18,250	5,000
November	7,600	3,750	3,000	14,350	7,600	3,650	4,850	16,100	-1,750
December	13,550	6,950	5,200	25,700	12,550	6,550	3,350	22,450	3,250
January, 1989	11,350	5,800	4,500	21,650	11,300	5,500	4,750	21,550	100
February	10,950	5,550	5,600	22,100	7,600	3,700	5,000	16,300	5,800
March	14,600	7,050	4,450	26,100	13,550	6,350	4,500	24,400	1,700
Balance at April 1, 1988	130,250	66,250	49,150	245,650	123,250	58,550	42,200	224,000	21,650
Balance at March 31, 1989									81,050
									102,700

Notes and Loans

These accounts record borrowings made under agreements with banks in Canada, United States, Switzerland, Japan and other international banks. They also record the borrowings of Canadair Financial Corporation Inc (now called Cartierville Financial Corporation Inc) which were directly assumed by the Government of Canada pursuant to Regional Industrial Expansion Vote 7c, Appropriation Act No. 4, 1984-85.

The balances at March 31, 1989 consist of:

- \$500,000,000 US (\$596,250,000 Cdn) five year loan from international banks;
- \$199,000,000 US (\$237,332,100 Cdn) in notes assumed from Canadair Financial Corporation Inc (now called Cartierville Financial Corporation Inc);

—300,000,000 SF (\$215,130,000 Cdn) five year loan and 200,000,000 SF (\$143,420,000 Cdn) six year loan, from Swiss banks; and,

—80,000,000,000 Yen (\$718,640,000 Cdn) eight year loan, from Japanese banks.

The foreign currency balances were translated into Canadian dollars using the year-end closing rates of exchange at March 31, 1989.

Table 10.6 presents a summary of the balances and transactions for the notes and loans.

TABLE 10.6

NOTES AND LOANS

Maturity date	%	Issue date	April 1/1988	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1989	Net increase or decrease (—)	
							1989	1988
			\$	\$	\$	\$	\$	\$
Payable in foreign currencies—								
United States dollars—								
(2) Notes payable to—								
Debts assumed from Canadair								
Financial Corporation Inc	various	various	253,154,500	15,822,400	237,332,100	—15,822,400	—79,748,000	
1988—Oct 27	10.875	Oct 23/83	617,450,000	617,450,000		—617,450,000	—35,300,000	
1990—Mar 22	11.5	Mar 22/85	617,450,000	21,200,000	596,250,000	—21,200,000	—35,300,000	
			1,488,054,500	654,472,400	833,582,100	—654,472,400	—150,348,000	
Swiss francs—								
1989—May 3	5.625	May 3/84	271,290,000	56,160,000	215,130,000	—56,160,000	12,090,000	
1990—May 15	5.125	May 15/84	180,860,000	37,440,000	143,420,000	—37,440,000	8,060,000	
			452,150,000	93,600,000	358,550,000	—93,600,000	20,150,000	
Japanese yen—								
1992—July 31	7.9	July 31/84	1,191,720,000	1,191,720,000		—1,191,720,000	119,040,000	
(2) 1993—Nov 27	7	Nov 27/85	794,480,000	75,840,000	718,640,000	—75,840,000	79,360,000	
			1,986,200,000	1,267,560,000	718,640,000	—1,267,560,000	198,400,000	
Accounts without current transactions							—1,238,325,000	
Total			3,926,404,500	2,015,632,400	1,910,772,100	—2,015,632,400	—1,170,123,000	

⁽¹⁾ Issues and retirements include the translation of foreign currencies to Canadian dollars using closing rates of exchange at March 31.

⁽²⁾ Subject to redemption before maturity.

Canada Bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money markets under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term U.S. funds and have the following characteristics:

—issued at a discount in lieu of interest payments;

—term to maturity of not more than 270 days;

—transferable; and,

—bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 1989.

Table 10.7 presents a monthly summary of Canada bill issues and redemptions.

TABLE 10.7

CANADA BILL ISSUES AND REDEMPTIONS

	Issues	Redemptions	Net change
	\$	\$	\$
April, 1988	556,641,534	523,856,929	32,784,605
May	644,215,191	523,560,190	120,655,001
June	483,605,034	791,687,323	-308,082,289
July	858,835,526	645,035,141	213,800,385
August	825,704,836	861,842,905	-36,138,069
September	404,829,753	570,425,832	-165,596,079
October	899,921,165	531,030,710	368,890,455
November	458,699,143	665,019,056	-206,319,913
December	418,943,158	226,868,781	192,074,377
January, 1989	618,334,010	684,814,127	-66,480,117
February	543,057,454	623,816,884	-80,759,430
March	801,060,892	776,965,249	24,095,643
	7,513,847,696	7,424,923,127	88,924,569
Balance at April 1, 1988			1,044,542,635
Balance before valuation			1,133,467,204
Exchange valuation adjustment at March 31, 1989			-2,726,779
Balance at March 31, 1989			1,130,740,425

SUPPLEMENTARY STATEMENTS

Interest Rates

Table 10.8 sets out unmatured debt as at March 31, for each of the years 1984-85 to 1988-89 inclusive, with the average rate of interest thereon. For purposes of comparison,

unmatured debt is classified as to marketable bonds, non-marketable bonds (include Canada savings bonds and the Canada Pension Plan Investment Fund), Treasury bills, notes and loans, and Canada bills.

TABLE 10.8

UNMATURED DEBT AS AT MARCH 31, FROM 1985 TO 1989, WITH THE AVERAGE RATE OF INTEREST THEREON

	Non-marketable bonds												Total unmatured debt (gross)	
	Marketable bonds		Canada savings bonds		Canada Pension Plan Investment Fund		Treasury bills		Notes and loans		Canada bills			
	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
1989	121,121	10.61	47,755	10.50	3,006	10.03	102,700	11.30	1,911	8.73	1,131	9.41	277,624	10.50
1988	110,222	10.62	53,323	9.18	2,492	9.98	81,050	8.57	3,926	8.73	1,045	6.77	252,058	9.61
1987	100,294	10.90	44,309	8.35	1,796	10.00	76,950	7.87	5,097	9.82	1,045	5.81	229,491	9.34
1986	86,957	11.44	44,245	10.12	445	11.08	61,950	10.13	7,920	9.14			201,517	10.66
1985	71,373	11.76	41,960	11.25	205	10.81	52,300	10.89	7,059	9.86			172,897	11.31

Where various rates of interest are applicable, the interest rate in effect at March 31 is used.

Table 10.9 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 1984-85 to 1988-89 inclusively.

TABLE 10.9

TREASURY BILLS AVERAGE YIELDS AT TENDER

Year ended	High	Low	Last issue
March 31	%	%	%
Three-month bills—			
1989	12.15	8.63	12.14
1988	9.58	6.90	8.53
1987	9.89	6.80	6.80
1986	11.85	8.52	10.19
1985	13.01	9.41	10.40
Six-month bills—			
1989	12.76	8.93	12.58
1988	10.53	7.17	8.81
1987	9.67	6.94	6.94
1986	11.59	8.75	10.19
1985	13.81	9.49	10.71
Other bills—			
1989	12.88	9.23	12.66
1988	11.10	7.38	9.02
1987	9.66	7.13	7.19
1986	10.96	8.38	9.89
1985	14.25	9.79	11.63

Maturity of Government Debt

Table 10.10 presents total unmatured debt arranged in order of maturity.

TABLE 10.10

MATURITY OF GOVERNMENT DEBT

Maturity	Marketable bonds		Canada savings bonds		Treasury bills		Notes and loans		Canada bills		Total	
	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
1990	10,687	10.77	4,423	10.50	102,700	11.30	1,020	10.47	1,131	9.41	119,961	11.20
1991	11,139	10.13	4,598	10.50			143	5.13			15,880	10.19
1992	9,905	10.47	5,203	10.50							15,108	10.48
1993	10,829	10.66	6,637	10.50			29	8.50			17,495	10.60
1994	11,773	10.50	4,308	10.50			719	7.00			16,800	10.32
1995/99	31,851	10.18	22,586	10.50							54,437	8.84
2000/04	15,437	11.29									15,437	11.29
2005/09	12,400	11.84									12,400	11.84
2010/14	7,100	8.52									7,100	8.52
	121,121	10.61	47,755	10.50	102,700	11.30	1,911	8.73	1,131	9.41	274,618	10.51
Less: Government's own holdings	111	9.90	1,150	10.50							1,261	10.45
	121,010	10.61	46,605	10.50	102,700	11.30	1,911	8.73	1,131	9.41	273,357	10.51

Note: this table includes unmatured debt issued by the Government of Canada. Borrowings of agent Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 10.11.

Statement of all Borrowing Transactions on behalf of Her Majesty

Table 10.11 presents the information required by Section 49 of the Financial Administration Act. The borrowing transactions included in this table are: borrowings by the Government for general purposes, and borrowings by agent Crown corporations which are reported as such on the Government's Statement of Assets and Liabilities, except where the Government is the lender. Borrowings by non-agent Crown corporations are not included because such borrowings are not on behalf of Her Majesty.

TABLE 10.11

STATEMENT OF ALL BORROWING TRANSACTIONS ON BEHALF OF HER MAJESTY (in millions of dollars)

	April 1/1988	Issues/ Borrowings	Retirements	March 31/1989
Unmatured debt of the Government of Canada ⁽¹⁾	248,317	283,081	258,041	273,357
Borrowing of Crown corporations designated as agents of Her Majesty ⁽²⁾	14,833	58,387	58,198	15,022
Total	263,150	341,468	316,239	288,379

⁽¹⁾ Details can be found in this section.

⁽²⁾ Details can be found in Section 6 (Table 6.10) of this volume.

SECTION 11

1988-89

PUBLIC ACCOUNTS

Other Information Related to the Financial Statements

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OTHER ACCOUNTS REPORTED ON THE STATEMENT OF ASSETS AND LIABILITIES

This section contains information on accounts reported on the Statement of Assets and Liabilities, which are not included elsewhere in this volume. These accounts are:

- cash in transit;
- cash;
- fixed assets; and,
- accumulated deficit.

TABLE 11.1

CASH IN TRANSIT

	April 1/1988	Credits	Charges	March 31/1989	Net increase or decrease (–)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Cash in hands of collectors in transit	2,275,050,007	2,275,050,007	1,603,483,534	1,603,483,534	–671,566,473	895,857,820
Moneys received after March 31 but applicable to the current year	47,103,041	47,103,041	331,106,792	331,106,792	284,003,751	–42,069,931
Total	2,322,153,048	2,322,153,048	1,934,590,326	1,934,590,326	–387,562,722	853,787,889

Cash in hands of collectors and in transit

This account records public moneys received by public officers prior to April 1, but not deposited to the credit of the Receiver General for Canada in the Bank of Canada, before that date.

Moneys received after March 31 but applicable to the current year

Public moneys received after March 31, but applicable to the year just ended, are recorded in this account.

This account includes refunds of old year expenditure received prior to the closing of the accounts, and receipts to be credited to asset, liability, and (in exceptional cases) revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

TABLE 11.2

CASH

	April 1/1988	Receipts	Disbursements	March 31/1989	Net increase or decrease (–)	
					1989	1988
	\$	\$	\$	\$	\$	\$
Receiver General—						
Current deposits—						
Canadian currency	1,380,893,928	482,257,042,094	481,929,556,985	1,708,379,037	327,485,109	–3,097,702,603
Foreign currencies	136,190,954	2,017,335,564	2,052,041,078	101,485,440	–34,705,514	14,075,409
Special deposits	16,203,640	1,526,640,821	1,519,511,715	23,332,746	7,129,106	–998,340
Total	1,533,288,522	485,801,018,479	485,501,109,778	1,833,197,223	299,908,701	–3,084,625,534

Cash in Transit

Table 11.1 presents a summary of the balances and transactions for cash in transit.

Cash

The Government's cash account represents public moneys on deposit at March 31, to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions.

The cash position of the Government is affected not only by budgetary transactions, but also by non-budgetary, foreign exchange and unmatured debt transactions, all of which must be taken into account when considering the full scope of the Government's financial operations.

Table 11.2 presents a summary of the balances and related transactions in current and special Receiver General deposits.

The year-end balances denominated in foreign currencies have been translated into Canadian dollar equivalents at year-end closing rates of exchange. Foreign currencies held include United Kingdom pounds sterling, United States dollars, Belgian, Swiss and French francs, and West German marks.

Receiver General current deposits

The monthly balances of Canadian and foreign currency deposits for the last five years are presented in the following tables:

TABLE 11.3
CASH IN CANADIAN CURRENCY DEPOSITS
(in millions of dollars)

At end of month of	Year ended March 31				
	1989	1988	1987	1986	1985
April	865	7,268	3,491	3,268	3,611
May	3,874	4,046	4,874	3,989	3,648
June	2,348	615	2,951	2,747	2,716
July	3,588	3,101	3,190	2,437	2,710
August	3,021	1,814	2,474	3,634	1,664
September	1,953	2,532	1,658	4,527	2,334
October	5,028	5,624	5,104	6,449	2,796
November	76	7,154	2,141	10,566	5,291
December	3,083	2,942	3,343	5,599	3,325
January	912	2,829	3,123	3,953	4,001
February	988	2,654	4,075	4,993	5,691
March	1,708	1,381	4,479	4,566	5,779

TABLE 11.4
CASH IN FOREIGN CURRENCY DEPOSITS
(translated into Canadian dollars)
(in millions of dollars)

At end of month of	Year ended March 31				
	1989	1988	1987	1986	1985
April	110	74	73	30	50
May	95	81	82	29	34
June	99	111	71	37	33
July	97	106	83	44	46
August	80	83	83	72	44
September	91	72	63	72	36
October	116	70	57	43	15
November	50	79	81	36	27
December	40	87	105	90	41
January	61	107	79	84	34
February	151	78	73	86	24
March	101	136	122	154	49

Receiver General special deposits

These are balances in the hands of fiscal agents of the Government, for the purchase or redemption of Government securities, and for the payment of interest.

Fixed Assets

Fixed assets are tangible, durable items of value, including major additions or alterations thereto, from which benefits are expected to be derived during their useful lives.

The fixed assets of the Government, which include land, engineering structures and works (such as canals, harbours and roads), buildings, and machinery and equipment, are charged to budgetary expenditure at the time of acquisition or construction, in accordance with the accounting policies of the Government of Canada which are described in Note 1 to the audited financial statements (Section 2 of this volume). Their existence, however, is acknowledged on the Statement of Assets and Liabilities by reporting them at the nominal value of \$1.

Accumulated Deficit

The accumulated deficit is the account recording the net sum of annual deficits and surpluses of the Government of Canada since Confederation, together with certain amounts charged or credited directly to this account. The accumulated deficit is also equal to the excess of recorded liabilities over total financial assets.

A Statement of Revenue and Expenditure and Accumulated Deficit is published in Section 2 of this volume.

A five year comparative statement of the accumulated deficit, in terms of total liabilities and total financial assets, is presented as follows:

TABLE 11.5
STATEMENT OF ACCUMULATED DEFICIT IN TERMS OF TOTAL LIABILITIES AND TOTAL FINANCIAL ASSETS
(in millions of dollars)

As at March 31	Total liabilities	Less: total financial assets	Accumulated deficit	
			Amount	Increase or decrease (-)
1989	363,855	42,937	320,918	28,734
1988	333,521	41,337	292,184	28,083
1987	302,744	38,643	264,101	30,605
1986	269,286	35,790	233,496	34,404
1985	237,112	38,020	199,092	38,324

OTHER INFORMATION

Contractual Commitments

A contractual commitment represents a written obligation to outside organizations or individuals as a result of a contract. The nature of the Government's activities requires it to enter into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. Major capital assets of the Government are either purchased outright or leased. Where a lease transfers substantially all of the benefits and risks incidental to ownership of the property to the lessee, it is considered a capital lease. All other leases are classified as operating leases. Contractual commitments can be classified into four categories: fixed assets, purchases, operating leases and capital leases.

All contractual commitments of \$100 million or more per project are reported in the case of fixed assets, purchases and operating leases. In the case of capital leases, all capital lease arrangements with total minimum lease payments remaining at year end in excess of \$1 million per contract are reported.

TABLE 11.6

FIXED ASSETS AND PURCHASES
AS AT MARCH 31, 1989
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitment to be disbursed by March 31					
					1990	1991	1992	1993	1994	1995/99
Fixed assets—										
Defence envelope—										
Heavy Logistics										
Military										
Vehicle	398	252	54	198	122	76				
Tribal Class										
Update and										
Modernization Pro-										
gram—Warships	1,419	1,174	765	409	100	167	100	42		
CF18 Fighter Aircrafts ..	4,908	4,821	4,709	112	40	26	44	2		
CF18 Air-To-Air										
Missiles	343	304	289	15	7	2	6			
Low Level Air										
Defence—Anti-air-										
craft guns and surface-										
to-air missiles	1,092	792	290	501	212	237	46	6		
Canadian Patrol										
Frigate										
Program—Warships ...	8,568	6,714	2,974	3,740	817	756	544	408	339	876
North American										
Air Defence										
Modernization—										
Land,										
buildings										
and communications										
equipment	782	633	157	476	154	148	115	53	6	
Economic and regional										
development										
envelope—										
Radar Automation Mod-										
ernization Program ...	602	581	403	178	104	45	23	6		
Total	18,112	15,271	9,641	5,629	1,556	1,457	878	517	345	876

Fixed assets, purchases and operating leases

Table 11.6 provides details of contractual commitments that involve fixed assets and purchases. Operating leases are not reported as there are no leases that are in excess of the \$100 million limit. It discloses individual contractual commitments by category and by envelope. Contractual commitments are summarized in Note 16 to the audited financial statements in Section 2 of this volume.

Fixed assets are tangible, durable items of value, including major additions or alterations thereto and including military equipment, from which benefits are expected to be derived during their useful life and including land.

Purchase commitments are commitments supported by a contract to supply goods or services. An operating lease is a lease in which the lessor does not transfer substantially all the benefits and risks incident to ownership of property.

TABLE 11.6

FIXED ASSETS AND PURCHASES
AS AT MARCH 31, 1989—Concluded
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitment to be disbursed by March 31					
					1990	1991	1992	1993	1994	1995/99
Purchases—										
Defence envelope—										
Ammunition	840	840	732	108	100	8				
Total	18,952	16,111	10,373	5,737	1,656	1,465	878	517	345	876

Capital Leases

Table 11.7 provides details of commitments under capital lease arrangements which are summarized in Note 16 to the audited financial statements in Section 2 of this volume. A capital lease is a lease that, from the point of view of the Government, transfers substantially all the benefits and risks incident to

ownership of the asset to the Government. Table 11.8 presents commitments under capital lease arrangements in order of maturity. Table 11.9 presents details of purchase options exercised during the year.

TABLE 11.7

COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS
(in thousands of dollars)

Department and agency identification of capital lease	Inception date	Lease term in years	Fair value of leased property at inception	Total estimated minimum lease payments, full term (excluding executory costs)	Implicit interest rate (%)	Balances at March 31, 1989			
						Total estimated remaining mini- mum lease payments	Less: imputed interest, using the implicit interest rate	Less: executory costs	Net commit- ments under capital lease arrange- ments
Communications									
Vax System 3600	March 9, 1989	5	1,403	1,637	9.5	1,467	234		1,233
Indian Affairs and Northern Development									
Hewlett Packard computers	July 1, 1986	4.75	5,597	7,025	8.5	2,947	318		2,629
Public Works									
Guy Favreau Building, Montreal	Dec 1, 1983	35	87,600	422,950	12.7 ⁽²⁾	363,068	276,342		86,726
240 Sparks St, CD Howe Building ...	Jan 1, 1979	35	63,703	213,500	9.1 ⁽²⁾	150,975	91,707		59,268
L'Esplanade Laurier, Ottawa	July 1, 1975	35	60,374	222,715	9.4 ⁽²⁾	142,291	86,622		55,669
Place du Centre, Hull	Dec 1, 1977	30	26,201	96,600	11.2 ⁽²⁾	62,373	38,298		24,075
Terrasses de la Chaudière, Hull	July 1, 1977	35	146,084	564,230	9.7 ⁽²⁾	392,938	253,838		139,100
Cornwall, Government of Canada									
Building (GOCB)	Dec 1, 1984	35	9,600	49,420	14.6 ⁽²⁾	43,301	33,778		9,523
Scarborough (GOCB)	Dec 1, 1984	35	38,900	191,965	13.2 ⁽²⁾	169,437	130,706		38,731
Chatham (GOCB)	June 1, 1985	35	4,940	20,783	11.8 ⁽²⁾	18,507	13,630		4,877
Place Vincent Massey, Hull	Aug 1, 1986	25	23,439	78,627	12.8	70,230	46,690		23,540
Canada Place, Edmonton	Oct 1, 1988	35	105,000	438,865	11.7	432,596	333,991		98,605
			565,841 ⁽¹⁾	2,299,655		1,845,716	1,305,602		540,114
Regional Industrial Expansion									
Mini computers	Jan 1, 1986	4.9	1,583	2,063	7.3	2,947	246	2,171	530
Total			574,424	2,310,380		1,853,077	1,306,400	2,171	544,506

⁽¹⁾ Estimated fair value.

⁽²⁾ Lessors'/Lessees' financing rate per lease agreement is subject to change over term of lease.

TABLE 11.8

COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS IN ORDER OF MATURITY
(in thousands of dollars)

Department and agency	Payments due in											Total
	1990	1991	1992	1993	1994	1995 to 1999	2000 to 2004	2005 to 2009	2010 to 2014	2015 to 2019	2020 to 2024	
Communications												
Remaining payments	293	293	293	294	294							1,467
Imputed interest	89	70	49	26								234
Net commitments	204	223	244	268	294							1,233
Indian Affairs and Northern Development												
Remaining payments	1,738	1,209										2,947
Imputed interest	223	95										318
Net commitments	1,515	1,114										2,629
Public Works												
Remaining payments	63,664	63,664	63,664	63,664	63,663	318,319	318,319	327,622	310,523	181,087	71,527	1,845,716
Imputed interest	60,173	59,813	59,421	58,983	58,500	283,297	260,855	217,812	145,110	79,753	21,885	1,305,602
Net commitments	3,491	3,851	4,243	4,681	5,163	35,022	57,464	109,810	165,413	101,334	49,642	540,114
Regional Industrial Expansion												
Remaining payments	1,760	1,187										2,947
Imputed interest	127	119										246
Executory costs	1,331	840										2,171
Net commitments	302	228										530
Summary												
Remaining payments	67,455	66,353	63,957	63,958	63,957	318,319	318,319	327,622	310,523	181,087	71,527	1,853,077
Imputed interest	60,612	60,097	59,470	59,009	58,500	283,297	260,855	217,812	145,110	79,753	21,885	1,306,400
Executory costs	1,331	840										2,171
Net commitments	5,512	5,416	4,487	4,949	5,457	35,022	57,464	109,810	165,413	101,334	49,642	544,506

TABLE 11.9

CAPITAL LEASES—PURCHASE OPTIONS EXERCISED DURING THE YEAR
(in thousands of dollars)

Department and agency identification of capital leases	Original lease plan				Values upon exercise of purchase option					Market or appraisal value of acqui- sition
	Total minimum lease payments including final purchase options	Imputed interest	Executory costs	Net commitments	Total minimum lease payments including purchase options exercised	Imputed interest	Net minimum lease payments	Executory costs	Purchase options exercised	
Public Works										
Charlottetown, DVA Building	78,365	62,765		15,600	67,152	51,695	15,457		15,457	N/A

N/A—Not applicable.

Insurance Programs of Agent Crown Corporations

At present, three Crown corporations operate insurance programs as agents of Her Majesty. An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision operated by the corporation. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc., are not included in this definition.

TABLE 11.10

SUMMARY OF INSURANCE PROGRAMS OF AGENT CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1989 (in millions of dollars)

	Canada Deposit Insurance Corporation ^[1]				Canada Mortgage and Housing Corporation ^[2]						Export Development Corporation ^[3]	
			Mortgage Insurance Fund		Mortgage-Backed Securities Guarantee Fund		Home Improvement Loan Fund		Rental Guarantee Fund			
	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89	1987-88
Insurance in force as at reporting date	245,123	211,755	45,600	42,800	1,569	566	[4]	1	N/A	N/A	3,496	3,160
Opening balance of Fund	-1,136	-1,269	-261	-418	-1	[4]	1	1	11	11	38	34
Revenue for the year—												
Premiums and fees	216	199	137	127	1						26	19
Investment income	2	4	47	30								
Other revenue			1						2	2		
Total revenue	218	203	185	157	1	[4]	[4]	[4]	2	2	26	19
Expense for the year—												
Loss on claims	-40	-35	-59	-69							13	10
Interest on loans	174	95										
Administrative	10	10	65	69	1	1			1	1	6	5
Funds returned to Government										1		
Total expense	144	70	6		1	1	[4]	[4]	1	2	19	15
Net income/loss (-) for the year	74	133	179	157	[4]	-1			1		7	4
Closing balance of Fund	-1,062	-1,136	-82	-261	[4]	-1	1	1	12	11	45	38
Net claims during the year ^[5]	-33	-144	8	-58	N/A	N/A	[4]	[4]	N/A	N/A	10	-3
Five year average of net claims paid	320	167	66	68	N/A	N/A	[4]	[4]	N/A	N/A	2	3

N/A—Not applicable.

^[1] The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to \$60,000 per depositor per institution. In recent years, premiums paid by member institutions have not been sufficient to meet obligations incurred by CDIC under the insurance plan. This deficiency has been funded in part by loans from the Government of \$1,695 million at March 31, 1989 (\$1,334 million at March 31, 1988). The Government is continuing to explore alternatives to allow CDIC, over the long run, to eliminate its deficiency without budgetary support from the Government. Since there is no reason to believe that this will not be the case, no provision has been made in the Government's accounts for the losses experienced by CDIC.

^[2] Canada Mortgage and Housing Corporation (CMHC) administers four funds of which the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund are active. The MIF provides insurance, for a fee, to private sector lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by private institutions, the MIF facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. Although the balance of the Fund is currently inadequate to meet future claims in respect to business in force, the latest actuarial study of the MIF indicated that business undertaken since February 1985 is being written on a break-even basis. The actuarial deficiency (\$141.4 million as of September 30, 1988) will be reflected in the accounts of Canada only to the extent that additional funding of the deficiency from parliamentary appropriations may be required. The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a fee funding of the deficiency from parliamentary appropriations may be required. The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a fee paid by approved financial institutions, CMHC and ultimately the Government, guarantee timely payment of principal and interest to MBS investors who participate in a pool of MIF insured first residential mortgages which have been repackaged by the financial institution into investments of \$5,000 denominations. Since 1984, the Corporation has also operated the Mortgage Rate Protection Program (MRPP). As premiums collected by CMHC for the Program are remitted directly to the Consolidated Revenue Fund (CRF) and obligations of the MRPP are ultimately payable from the CRF, the Mortgage Rate Protection Program does not meet the definition of a Crown corporation insurance plan as defined above. Therefore, operating particulars of this Program are not included in this summary but some information will be found in the notes to the Government of Canada Statement of Contingent Liabilities.

^[3] The Export Development Corporation (EDC) provides export and foreign investment insurance to Canadian business to facilitate and develop export trade. The insurance fund has been adequate to provide for the full cost of claims experienced to date and to establish an allowance for future claims based on previous claims experience.

^[4] Less than \$500,000.

^[5] Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

Contingent Liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occurs or fails to occur.

The Government of Canada as an accounting entity is defined as all the departments named in Schedule I of the Financial Administration Act; any division or branch of the Public Service of Canada, including a commission appointed under the Inquiries Act, designated by the Governor in Council as a department for purposes of the Financial Administration Act; the staffs of the Senate, the House of Commons, and the Library of Parliament; and, any corporation named in Schedule II of the Financial Administration Act. Corporations listed in Parts I and II of Schedule III of the Financial Administration Act, and those Crown corporations that are not subject to the Financial Administration Act, are excluded from this definition. Information regarding contingent liabilities of Crown corporations can be found in Table 6.13—"Contingent Liabilities of Crown Corporations", while details of their borrowings can be found in Tables 6.10 and 6.11—"Borrowings by Agent Crown Corporations" and "Borrowings by Crown Corporations" respectively. Some Crown corporations also operate insurance programs. Information re-

garding these insurance programs can be found in Table 11.10 of this section.

The contingent liabilities of the Government comprise explicit guarantees by the Government, which include borrowings by other than Crown corporations, both from agent Crown corporations and from other than agents. Such explicit guarantees consist of guarantee programs of the Government, explicit guarantees by the Government for loans, financial arrangements and other potential liabilities, insurance programs of the Government and other explicit guarantees. They also comprise potential losses arising from pending and threatened litigation relating to claims and assessments in respect of breach of contract, damages to persons and property, and like items. Pending and threatened litigation is reported in total in the following table. This table is also summarized in Note 18 to the audited financial statements of the Government in Section 2 of this volume.

The authorized limits indicated in the table below, represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

TABLE 11.11

STATEMENT OF CONTINGENT LIABILITIES AS AT MARCH 31, 1989

	Authorized limit (where applicable)	Contingent liability	Percentage of net claims to outstanding guarantees (where applicable) ⁽¹⁾
	\$	\$	%
EXPLICIT GUARANTEES BY THE GOVERNMENT OF—			
Borrowings by Crown corporations which are not agents of Her Majesty—			
Canadian National Railway Company— Bonds and notes	330,500	330,500	
Borrowings by other than Crown Corporations—			
From agents—			
Loans to Indians by the Canada Mortgage and Housing Corporation and the Farm Credit Corporation, for on-reserve housing	575,000,000	73,594,049 ^[2]	2.4
From other than agents—			
Guarantee programs of the Government—			
Canada Student Loans Act	5,520,448,951	2,636,161,896	2.7
Small Business Loans Act	885,901,684 ^[3]	523,227,774	6.2
Farm Improvement Loans Act and Farm Improvement and Marketing Cooperatives Loans Act	338,976,160 ^[3]	161,279,374	0.6
Advance Payments for Crops Act	400,000,000	114,253,025	0.1
Atlantic Enterprise Program	83,507,313	83,507,313 ^[4]	
Enterprise development program and Canadian Industrial Renewal Board	1,050,592,687	14,080,327 ^[5]	15.2
Fisheries Improvement Loans Act	29,764,518 ^[3]	8,293,871	75.3
Regional Development Incentives Act	22,371,075	5,128,120	22.4
Financial obligations incurred by air carriers regarding purchase of The de Havilland Aircraft of Canada, Limited DHC-7 and DHC-8 aircraft	923,125,000 ^[6]	423,404,603 ^[6]	
Loans to Indians by approved lenders for on-reserve housing	34,113,779 ^[8]	347,380,359 ^[2]	0.4
Indian economic development	1,380,792	3,704,323 ^[2]	8.0
Loans to promote the commercial activities of Eskimos	9,290,181,959	1,380,792	
		4,321,801,777	
Other explicit loan guarantees—			
Loans to NewGrade Energy Inc to finance construction of a heavy oil upgrader	275,000,000	241,500,000	
Loans to construct coal handling and terminal facilities by Ridley Terminals Inc	230,000,000	199,500,000	
Loans to Marine Industries Limited for acquisition of assets	40,000,000	40,000,000	
Loan to St Marys Paper Inc to modernize and expand a paper making facility at Sault Ste Marie, Ontario	15,000,000	15,000,000	
Loans for the restructuring of Maislin Industries Ltd	10,136,250 ^{[6][9]}	10,136,250 ^{[6][9]}	

TABLE 11.11

STATEMENT OF CONTINGENT LIABILITIES

AS AT MARCH 31, 1989—Concluded

	Authorized limit (where applicable)	Contingent liability	Percentage of net claims to outstanding guarantees (where applicable) ⁽¹⁾
	\$	\$	%
Loan to Nardex Canada Ltée for the manufacture of radio-protection and radio-telecommunication systems	403,750	403,750	
Loans for the financing of Cheticamp Fishermen's Co-operative Society Ltd	360,000	129,451	
	570,900,000	506,669,451	
Insurance programs of the Government— ^[10]			
Insurance against accidents at nuclear installations under the Nuclear Liability Act ^[11]	675,000,000	663,967,433	
Insurance under the Fishing Vessel Insurance Plan ^[12]	22,792,963	462,389,000	
Accounts administered for the Government by the Export Development Corporation—insurance and related guarantees	7,000,000,000 ^[13]	300,000,000	
	7,697,792,963	1,426,356,433	
Other explicit guarantees— ^[14]			
Guarantees under the Prairie Grain Advance Payments Act	126,164,759	126,164,759	^[15]
Guarantees under the Agricultural Products Cooperative Marketing Act	34,281,238	34,281,238	1.0
Guarantees of residual liabilities resulting from the devolution of Northern Canada Power Commission	5,000,000	874,419	
	165,445,997	161,320,416	
Total explicit guarantees	18,299,651,419	6,490,072,626	
PENDING AND THREATENED LITIGATION		2,750,865,470 ^{[6][16]}	
Total ^[17]		9,240,938,096	

^[11] Represents the average percentage over the most recent 5 years of net claims to the average amount of outstanding guarantees for the same period computed as at March 31, 1989. In some situations where historical data is not readily available, departmental estimates have been used.

^[12] Includes committed guarantees for the following loans to be made: to Indians for on-reserve housing, \$79,437,687 and for Indian economic development, \$1,041,031. As at the reporting date, no loans had been issued for these amounts.

^[13] The Act places limits on the maximum amount of guarantee for loans made by eligible lenders over different loan periods. The maximum amount of guarantee by lender is expressed in legislation as a percentage of aggregate loans made to qualified borrowers and varies according to the dollar value range of aggregate loans made by the lender. The authorized limits for given loan periods are included in the figure reported until all qualified loans made by all eligible lenders in the given periods are no longer outstanding, and are not adjusted for loan repayments nor payments made by the Government for guaranteed amounts in which default has occurred.

^[14] The Atlantic Enterprise Program offers loan insurance on new term loans for the establishment, expansion or modernization of commercial operations in eligible sectors in the Atlantic provinces where the Program is administered by the Atlantic Canada Opportunities Agency (\$76,012,956 as at March 31, 1989) and in the Gaspé and Magdalen Islands of Québec when administration of the Program is the responsibility of the Department of Industry, Science and Technology (\$7,494,357 as at March 31, 1989). Industry, Science and Technology also has responsibility for all capital projects in excess of \$20 million.

^[15] Includes \$62,034 attributable to the Canadian Industrial Renewal Board.

^[16] Amount denominated wholly or partially in a foreign currency and translated at the closing rate of exchange as at date of statement.

^[17] Authorized limit for loan guarantees for on-reserve housing totals \$575,000,000 (shown above) for loans made by the Canada Mortgage and Housing Corporation, the Farm Credit Corporation and other approved lenders.

^[18] The maximum aggregate amount that may be paid or that may have been paid from the Consolidated Revenue Fund (CRF) relative to Indian economic development in past, current or subsequent years, with respect to all guarantees authorized and granted, is set at \$60 million. As at March 31, 1989, a total of \$25,886,221 has been expended from the CRF leaving a balance of \$34,113,779 available for disbursement.

^[19] Maislin Industries Ltd was placed in receivership on July 11, 1983 and was declared bankrupt on October 19, 1983. To date, the Government has made interim payments totalling \$18,500,000 US to creditors under a guarantee in the amount of \$27,000,000 US. It is anticipated that the Government will be called upon to make a final payment to settle remaining obligations to creditors when certain issues are settled in US Bankruptcy Court, but the amount cannot be determined at present with any certainty.

^[100] Since 1984, the Canada Mortgage and Housing Corporation (CMHC) has operated the Mortgage Rate Protection Program on behalf of the Government. In return for payment of a premium, CMHC will reimburse homeowners 75% of any increase in monthly mortgage payments, above a deductible, due to higher interest rates at the time of mortgage renewal. As recent mortgage interest rates have been relatively stable, the Program is not widely utilized and loans covered by the Program at March 31, 1989 amounted to only \$911,000 (\$911,000 at March 31, 1988). Premiums collected by CMHC are remitted directly to the Consolidated Revenue Fund (CRF) and obligations are ultimately payable from the CRF. Because of the nature of the Program, it is not possible to estimate the amounts, if any, that might be payable at some future date.

^[111] There have been no claims under the Nuclear Liability Act since its inception in 1970. The Act covers 14 Canadian nuclear installations as at March 31, 1989.

^[121] The Fishing Vessel Insurance Plan is administered by the Government to insure fishermen against abnormal capital losses. A specified purpose account is credited with all amounts received by way of premiums, recoveries and with advances in accordance with regulations by the Government, such advances not to exceed \$150,000 at any time. The account is debited with refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen, where the collision involves a vessel insured under the Plan. As at March 31, 1989, the insured value of vessels under the Plan amounted to \$462,389,000; the balance of the account was \$22,642,963 and outstanding claims against the Plan amounted to \$1,250,000.

^[131] The Export Development Act specifies that EDC may enter into contracts of insurance, re-insurance, related guarantees and other agreements up to a maximum of \$7 billion, the authorized limit.

^[141] A letter of comfort has been issued with respect to credit grain sales by the Canadian Wheat Board. The letter states that the Government will assume responsibility for the liabilities arising from defaults in payment by countries purchasing Canadian grain on credit. Receivables under this guarantee amounted to approximately \$3.7 billion at March 31, 1989.

^[151] Less than 0.1%.

^[161] Includes \$1.5 billion related to native statutory and treaty obligations representing plaintiffs' claims in 60 litigation cases. There are another 120 similar cases for which amounts are not stated in the claims, and for which it is not possible to determine the amounts that may be ultimately payable.

^[171] Contingent gains. A contingent gain is a potential gain or possible recovery that may become an actuality when one or more future events occur or fail to occur. Four departments reported contingent gains as at March 31, 1989 totalling approximately \$11 million.

SECTION 12

1988-89

PUBLIC ACCOUNTS

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